Budget '97

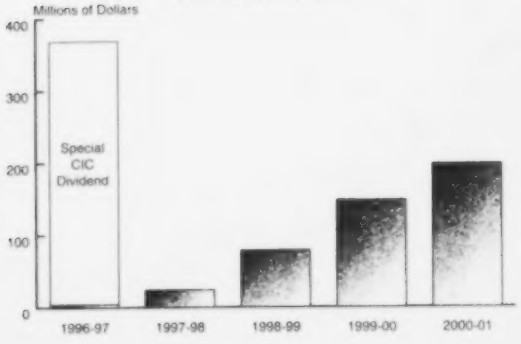
Saskatchewan Budget Highlights

INVESTING IN PEOPLE

Safeguarding Saskatchewan's Ability to Choose Its Own Future

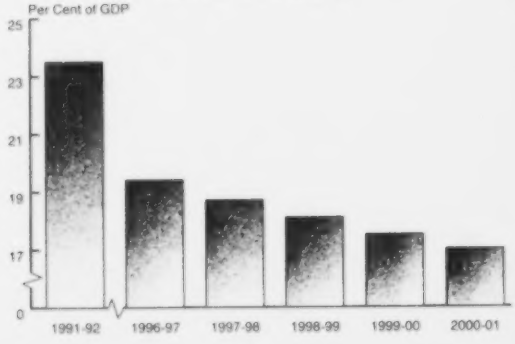
The 1997 Budget is balanced and three more are planned into the next century.

Saskatchewan Budget Balances
General Revenue Fund



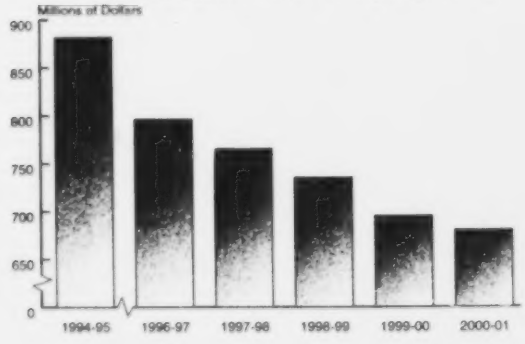
Government spending is falling in relation to the size of the economy.

General Revenue Fund Total Expense as a Per Cent of GDP



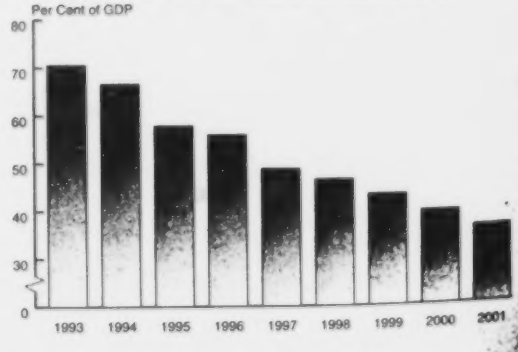
By 2001, the interest costs on government debt will be $200 million less than in 1995.

Interest Expense (Government Share) Projections



By 2001, the Province's debt as a percentage of GDP will be cut almost in half.

Total Provincial Debt as a Per Cent of GDP



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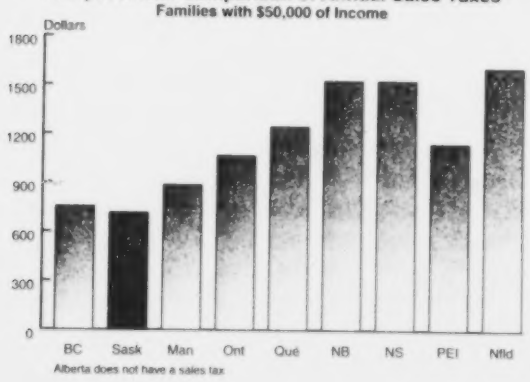
Lower and Fairer Taxes for Families

Saskatchewan people pay less sales tax than any other province with such a tax.

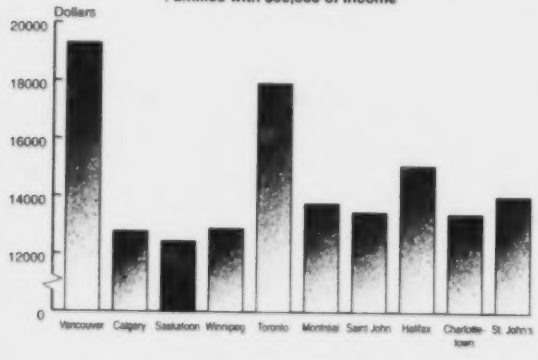
Interprovincial Comparison of Annual Sales Taxes
Families with $50,000 of Income



Alberta does not have a sales tax

Saskatchewan families pay the lowest overall taxes and household charges in Canada.

1997 Intercity Comparison of Taxes and Household Charges
Families with $50,000 of Income



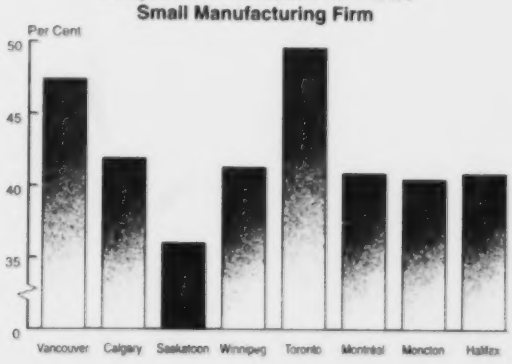
Tax Incentives for Growth and Jobs

Targeted tax incentives introduced since 1992 include:

- reducing the income tax rate for small business by 20%;
- removing the sales tax on 1-800 and 1-888 numbers;
- improving the tax treatment for Saskatchewan-based truckers;
- reducing the manufacturing and processing income tax rate from 17% to as low as 10%;
- reducing the fuel tax on aviation fuel from 7 cents per litre to 3.5 cents per litre;
- eliminating the sales tax on direct agents used in manufacturing and processing;
- providing a sales tax rebate on building materials used for livestock and horticultural facilities; and,
- a 9% investment tax credit on new and taxable used equipment for manufacturing and processing.

Tax rates for Saskatchewan businesses are among the most competitive in Canada.

Comparison of Effective Tax Rates
Small Manufacturing Firm



Investing in People

This is a Budget about investing in people, about creating more growth and jobs, about reaping the benefits of our work together.

Investing in Prosperity and Jobs

This Budget keeps Saskatchewan's economy strong and growing by:

- reducing the provincial sales tax from 9% to 7%, stimulating growth and jobs;
- investing $2.5 billion over 10 years to build a modern road and highway network;
- investing $640 million through Crown corporations and government departments to build and upgrade Saskatchewan's infrastructure, including roads, parks and schools;
- directing $23 million to new municipal infrastructure projects;
- investing $117 million to build a "made-in-Saskatchewan" training system; and,
- providing a sales tax rebate to encourage livestock and horticultural production, and a tax credit on taxable used equipment for manufacturers and processors.

Enhancing Our Quality of Life

This Budget strengthens Saskatchewan's world-class social programs by:

- providing an additional $57 million to build our stable and secure health system;
- increasing school operating grants by $22 million over two years and increasing capital funding by 40% in 1997-98 to build and renovate schools;
- more than doubling university capital grants to purchase equipment and technology, as well as replacing federal cuts to operating funds to keep tuition affordable and quality high; and,
- doubling funding to $25 million for the award-winning Action Plan for Children to help needy children.

Delivering Lower and Fairer Taxes

This Budget keeps the promise to deliver fair, affordable and sustainable tax relief by:

- reducing the provincial sales tax from 9% to 7%, returning $180 million a year back into the hands of Saskatchewan people;
- extending the wide range of exemptions to the provincial sales tax to include certain medical devices purchased by individuals; and,
- continuing the personal income tax cut of up to $300 per family that removed 6,000 low-income earners from the tax rolls.

"This Budget shows our determination to keep our promises — with fairness and with balance. It shows we can pay down debt. We can create prosperity and jobs. We can cut taxes. We can do all these things and still enhance and strengthen the social programs that help make Saskatchewan the best place in the world to live." — 1997 Budget Address

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1996 Saskatchewan Economic Highlights

In 1996, investors and business people were active in every sector and corner of the Province.

- Retail sales were up 8%, triple the Canadian average.
- New vehicle sales increased by 16%.
- Housing starts rose by more than 40%.
- Business investment rose by 18%.
- Crop production was up 23% over 1995, 29% above the 10-year average.
- Manufacturing shipments increased by 10%, the highest in Canada.
- The number of oil wells drilled rose by 35%.
- Real Gross Domestic Product (GDP) was up 3.3%, twice the national average.
- Saskatchewan's unemployment rate of 6.6% remained the lowest in Canada.

"Our population is growing, rising to the highest level in eight years. Best of all, Saskatchewan families are showing renewed confidence, hope and optimism." — 1997 Budget Address

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Saskatchewan Finance

Budget Address
March, 1997

Investing in People

SASKATCHEWAN

The Hon. Janice MacKinnon
Minister of Finance

Investing in People

Honourable Janice MacKinnon
Minister of Finance

Mr. Speaker, I am very pleased today to present a budget that invests in people; a budget about creating more growth and jobs; a budget about reaping the benefits of past sacrifices.

Saskatchewan people have come a long way together. Five short years ago, we confronted a financial crisis. We inherited a large deficit and a growing debt. Rising interest costs were gobbling up dollars that could have been invested in people.

To overcome this crisis, Saskatchewan people turned to their traditions of co-operation, compassion and community. Everyone pulled together to restore the Province's finances. Together we started paying down the mortgage on our children's future.

Today, we will plainly see the benefits of our work together.

"Today, we will plainly see the benefits of our work together."

Today, I am presenting another balanced budget. This is our fourth balanced budget in a row and three more are planned — right into the next century. No other province will surpass that record.

Today, our debt is falling and we are spending less on interest payments. This frees up money to invest in people.

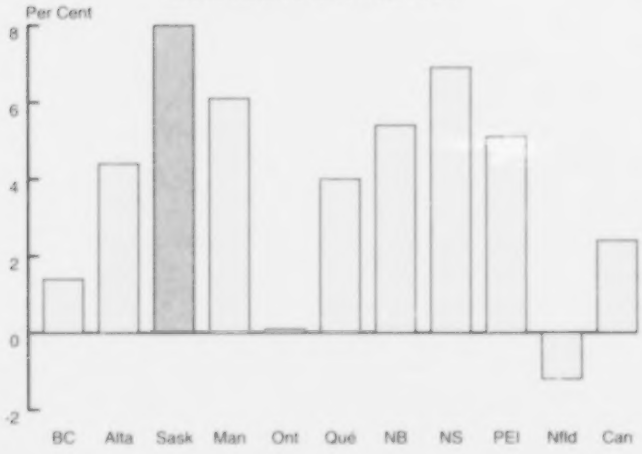
Mr. Speaker, balanced budgets, fiscal stability and declining debt are the foundations of a strong economy and a healthy society. Fiscal stability and predictability attract new investment, growth and jobs.

In 1996, investors and business people were active in every sector and corner of the Province:

"This is our fourth balanced budget and three more are planned into the next century."

- resource exploration set a new high;
- business investment was up 18 per cent;
- manufacturing shipments were up 10 per cent — the highest increase in Canada;
- retail sales were up 8 per cent — triple the Canadian average; and,
- housing starts were up more than 40 per cent.

Retail Sales Growth 1996



Our population is growing — rising to the highest level in eight years.

"Saskatchewan families are showing renewed confidence, hope and optimism."

Best of all, Saskatchewan families are showing renewed confidence, hope and optimism.

Now is the time to invest in people to build an even better future.

As we build that future, let us remember the lessons of the past. The 1980s taught us that spending today and paying tomorrow is wrong. It shackles our children with debt they do not deserve.

This Government remains committed to living within its means, to spending responsibly and to the discipline of paying our bills — not leaving them to burden our children. That is how we earned our financial freedom and that is how we will keep it.

While we have to remember the lessons of the past, we cannot return to it. Governments can no longer be all things to all people. People today want government to focus on their priorities and to reflect their values.

People want more than short-term, short-sighted, quick-fix schemes. They want government to make sound, long-term investments.

Most importantly, people want governments to do all they can to live up to their commitments. Broken promises mean broken dreams and a loss of trust and faith.

Five years ago, we made a commitment to restore this Province's finances. We promised fairness and a balance between reducing the debt, strengthening our social programs and cutting taxes. That is what this Budget is all about.

Keeping our promises — that is what this Government is all about.

"Keeping promises is what this Government is all about."

Now is the time to build on our strong fiscal and economic foundations. Now is the time to spur our economy on to greater success and greater heights.

Investing in Prosperity and Jobs

Mr. Speaker, the spirit of co-operation has long been a defining feature of a strong and growing Saskatchewan. To build on that heritage, I am pleased to announce increased funding for our new, refocused Department of Economic and Co-operative Development. Through our expanded Co-operatives Directorate within the Department, we will promote growth and jobs now and into the future.

We are building on our strengths — working with Saskatchewan people to create jobs right in their own communities. We will keep working with our Regional Economic Development Authorities to promote growth and jobs locally. We will keep working with industry to build on our record as an exporting Province, where one in three jobs is export-related.

Strengthening Agriculture for the 21st Century

We will keep working with farm groups to strengthen and expand agriculture, the foundation of our economy.

Mr. Speaker, stability and predictability are as important to a farmer near Unity as they are to a shopkeeper in Moose Jaw.

We all know the risks of farming — too much or too little rain, an early frost. Such events can push a farm family to the brink financially. That is why we worked with our partners in agriculture to ensure income stability and security for farm families.

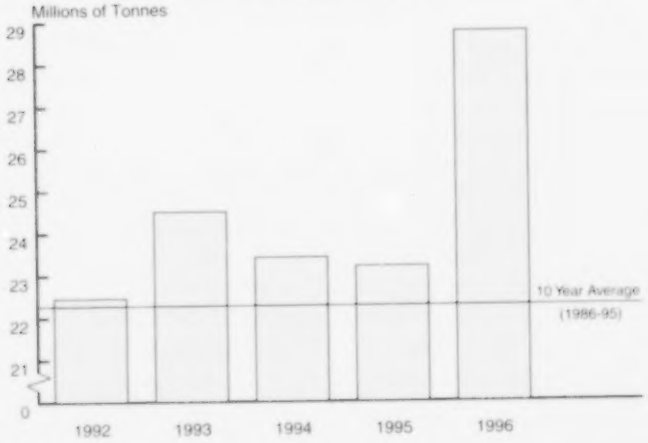
"We have a new crop insurance program with lower premiums and better protection for farmers."

Last year we paid down $150 million in crop insurance debt. Today, we have a new, sustainable crop insurance program with lower premiums and better protection for farmers.

New products and better crops give farm families more options. That is why we are working with farmers to develop the products of the future — everything from specialized crops and health food supplements to animal vaccines.

Saskatchewan farmers are also leading the way in expanding and diversifying to capture new market opportunities.

Total Crop Production



Canada's western provinces are emerging as major suppliers to the growing world market for pork. We are teaming up with Saskatchewan farmers to pull ahead of the competition.

I am pleased to announce a new initiative to promote our hog industry and other livestock operations.

Effective midnight tonight, a new Education and Health Tax rebate program will be introduced to encourage investment in livestock facilities.

With this tax incentive and our comprehensive hog strategy, we expect Saskatchewan's hog production to triple by 2005. That will mean hundreds of new jobs and opportunities in rural Saskatchewan.

Tax Incentives for Growth and Jobs

We have been using targeted tax incentives since 1992 to create growth and jobs. For example, we:

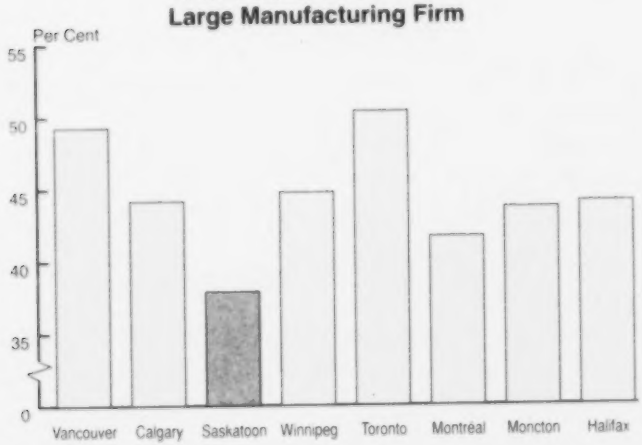
- strengthened our small businesses by reducing their income taxes by 20 per cent;
- attracted call centres by removing the sales tax on 1-800 numbers; and,
- improved the tax treatment for Saskatchewan-based truckers.

We also introduced a number of tax incentives for manufacturing and processing. This growing sector continues to create thousands of new jobs.

This Budget builds on our momentum with one more reason for manufacturers and processors to expand and create jobs today and in the future.

"We have been using targeted tax incentives since 1992 to create growth and jobs."

1997 Effective Tax Rates
Large Manufacturing Firm



Mr. Speaker, I am pleased to announce the Manufacturing and Processing Investment Tax Credit will be extended to include used equipment. Saskatchewan manufacturers and processors can now receive a tax credit on all equipment they purchase and bring into the Province — whether new or used — to develop and expand their operations.

Building Roads and Infrastructure for Today and Tomorrow

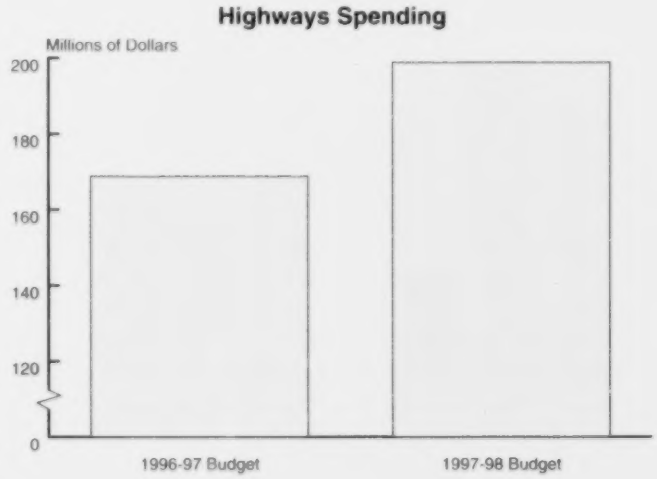
"Over the next ten years, we will invest $2.5 billion in Saskatchewan's roads and highways."

Manufacturers and processors, farmers, miners and loggers all rely on our road network to get resources and products to the world market. Saskatchewan's road network is also the vital link between our communities, farms, schools, hospitals and businesses. Our roads bring thousands of tourists to every corner of Saskatchewan, bringing jobs and opportunities for youth, students and business people.

However, our roads and highways are under heavy pressure because of federal deregulation of railways, rail line abandonments and the loss of the "Crow" benefit. All this is taking its toll.

Mr. Speaker, we have to act — and we have to act now.

Therefore, I am announcing the first phase of our long-term plan to work with communities on a modern transportation network. Over the next ten years, we will invest $2.5 billion in Saskatchewan's roads and highways.



This investment starts with $200 million in 1997-98. This is an 18 per cent increase over last year's budget.

Increased funding and a strategic plan for tomorrow — that is a solid, long-term commitment to our essential transportation network.

We are also joining the one-year extension of the Canada-Saskatchewan Infrastructure Works Program and we are directing the entire federal and provincial share to municipal projects. With the municipal share, that is $35 million this year to build stronger communities and create jobs. Much of this funding will be directed to roads.

Mr. Speaker, these short-term, one-time federal commitments are welcome but what we really need are long-term, permanent programs, especially for roads. Sadly, we are the only country in the western world without a national transportation program.

"Increased funding and a strategic plan for tomorrow — a solid, long-term commitment to our transportation network."

With this Budget, Saskatchewan has put its investment for roads and highways on the table. Now, we are calling on the federal government to match our commitment. We are ready to work with the federal government and the other provinces to build a modern, comprehensive, national transportation system for the 21st century.

Infrastructure means more than just roads and highways.

This year, government departments and Crown corporations will invest $640 million to build and upgrade our state-of-the-art telecommunications system, our power and energy grid, and our hospitals, health centres and schools.

Provincial parks are also an important part of our heritage and quality of life. This Budget further invests in Saskatchewan people and tourism by revitalizing camping and recreational facilities in parks right across the Province.

Roads, parks, thriving, modern communities — Mr. Speaker, we are putting a new face on Saskatchewan, on our way to the new century.

That is how you build for the future! That is how you invest in people for prosperity and jobs!

Enhancing Our Quality of Life

Ask Saskatchewan people what they cherish most about our Province and they will tell you: fresh clean air, wide open spaces and friendly and helpful people. Saskatchewan is a great place to raise children — a place we are proud to call home.

Our social programs are at the heart of our quality of life. They are the envy of the world. Saskatchewan has a long and proud tradition of compassion and social innovation. This tradition served us well in the past and it puts us in the vanguard of the future.

However, a society is only as strong as its weakest link. Our planet continues to face a real and looming problem — the widening gap between rich and poor nations and between rich and poor people. In this environment, more and more people feel no hope, no chance and nothing left to lose. This sets the stage for crime and social unrest.

"Our social programs are at the heart of our quality of life. They are the envy of the world."

That is why we must work continually to ensure that:

- every person, whether rich or poor, has access to health care;
- every child, whether rich or poor, can get a quality education; and,
- a social safety net is in place to catch those who have fallen on hard times and need help getting back on their feet.

Mr. Speaker, that is why this Budget secures our universal health care, strengthens our world class education system and broadens our social safety net.

Investing in Children, Youth and Families

Building for tomorrow means investing in our children. We all want our children to enjoy healthy and happy lives.

Canada is a wealthy nation. No parent should have to worry that their children want for food, warm clothing or a safe home. Child poverty is a sad and unnecessary blight on our country.

This must be changed and our Province is leading the fight against child poverty.

A good job is still the best way to lift families out of poverty and off social assistance. Providing jobs and opportunities will always be our top priority.

But today, the Canadian system hurts working poor parents. It claws back the modest benefits they need to care properly for their children. That is why we have been advocating a national plan to help parents better provide for their children and keep working.

We have promoted the concept of a national child benefit at federal-provincial meetings across the country. Such a plan would be the first new, national social program in 30 years.

Last month, the federal government announced its intentions for a national child benefit program. The announcement is a promising start but the plan will not begin until July 1998 and there is no national commitment to adequate long-term funding.

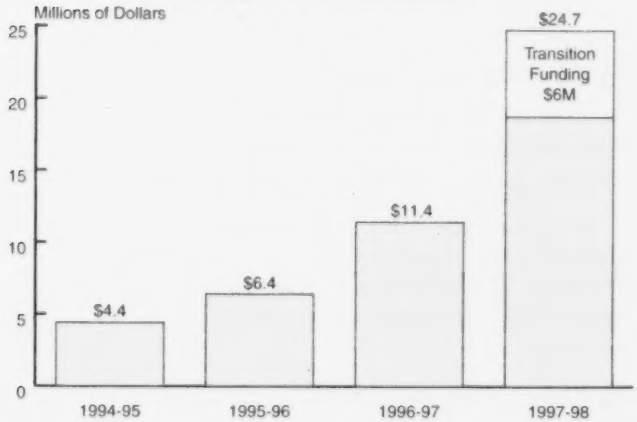
"Needy children deserve help now and this Budget backs words with action."

Needy children deserve help now and, for our part, this Budget backs words with action.

Our internationally-recognized Action Plan for Children is already blazing the trail to a better future for thousands of Saskatchewan young people. Thanks to this Plan, more school children enjoy hot meals, more teen parents stay in school and more recreational programs keep children off the street.

Mr. Speaker, I am pleased to announce that our Action Plan for Children will provide $13 million more in benefits and services for Saskatchewan children this year.

Funding for Saskatchewan's Action Plan for Children



As a result of this increased funding, thousands more children and families will see a real improvement in their day-to-day lives.

More children will receive the textbooks, notebooks, erasers and pencils they need for school, without cutting into the family budget for food and housing.

More children will begin their day with nutritious meals.

"Thousands more children and families will see a real improvement in their day-to-day lives."

And when their parents go to work, more children will be cared for. We will build new and improved child care centres in inner cities, in rural areas and in the North.

These measures give us the strong bridge we need until a long-term national plan is in place. And we will never let up until a national plan is established to improve the future of children and families from coast to coast.

Thousands of Saskatchewan people have made helping others their way of life. They work in women's shelters, homes for the disabled and child care centres. For too long, they have laboured for low wages. After a lifetime of work, many do not even have the dignity of a small pension.

Mr. Speaker, these people have invested their lives in helping others.

I am pleased to announce this Budget invests in these front-line care workers with $10 million over three years for better wages and pensions.

"We are making lives better and making our communities better."

Our investment includes $500,000 this year to improve the wages of our child-care workers, doubling last year's commitment and acknowledging the vital work of those who look after Saskatchewan children.

Step by step, we are making lives better and making our communities better.

We are also making our communities safer. By continuing to build a province-wide 9-1-1 system, we are bringing emergency services right to the doorstep of every Saskatchewan family. We are also increasing funding for more Royal Canadian Mounted Police officers in rural Saskatchewan.

Our plan goes beyond responding to crime. This Budget will reduce crime by advancing innovative options, such as restorative justice, community service and sentencing circles. These forward-looking initiatives bring our communities and our cultures together to build a safer and better Saskatchewan.

The mark of a great society is how well it treats its most vulnerable citizens. Our social safety net must always be there to protect people but it should never become a trap. Real pride and hope come with self-respect and self-sufficiency.

"This Budget improves the lives of needy children, youth and families and gives them real hope for the future."

This Budget takes significant steps to improve the lives of needy children, youth and families but, most importantly, it also gives them real hope for the future.

Enhancing K-12 Education

This Budget also prepares our children to live and work in the new knowledge-based economy. New technologies and globalization are changing our world, creating thousands of exciting challenges and opportunities. Our schools must give our children a head start.

Good teachers and a strong curriculum will always be paramount to the quality of education, but the tools of the future, like access to the Internet, are becoming increasingly important. Our school boards and schools already lead the way in using these new technologies. Programs like distance education bring students high-quality instruction, no matter where they live.

We can build on this strong foundation by investing in our children. Therefore, I am pleased to announce that operating grants for schools will increase to $363 million in 1997-98 and to $369 million in 1998-99, a $22 million increase over last year.

"We are investing in Saskatchewan students to keep them at the head of the class."

Our children also need a learning environment that is safe and healthy. This Budget provides $17 million to build and renovate Saskatchewan schools, a 40 per cent increase from last year.

We are investing in Saskatchewan students to keep them at the head of the class.

Strengthening Post-Secondary Education

Active, learning minds must never be blocked by the lack of money or privilege.

In Canada, the doors to a higher education have always been open. Federal cuts to post-secondary operating funding, however, are undermining this system.

We in Saskatchewan are living up to our responsibilities. Our two universities are working hard to cut administration and duplication so that every available dollar can be spent in classrooms, improving our students' education.

Our universities are now putting into place recommendations from the MacKay report. Already, they have planned a new fibre-optic link between campuses to share lecture and research information.

"We are helping our universities upgrade and modernize to equip our students to excel in the new hi-tech economy."

Mr. Speaker, they are doing their part and we will do ours. I am pleased to announce $3 million in special funding this year to support the universities' plans to share resources and bring new technology, such as multi-media, into their classrooms and libraries.

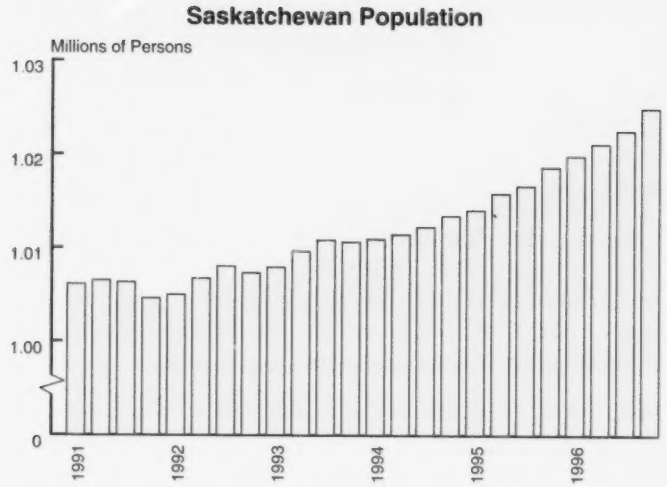
In addition, we are more than doubling our ongoing capital grants this year.

In total, we are providing $14 million to help universities upgrade scientific and research equipment, modernize labs and classrooms, and to equip our students to excel in the new "hi-tech" economy.

Thousands of students are frustrated by the federal cuts which they know are driving up tuitions. We share their frustration and are taking action. This Budget replaces, dollar-for-dollar, federal cuts to our universities.

Mr. Speaker, I am pleased to announce operating funding for our universities will be $163 million in both 1997-98 and 1998-99. This funding will allow our universities to reconsider their recent tuition announcements.

This is a substantial investment to help keep the doors to higher education open to Saskatchewan people.



Training for Jobs Today and Tomorrow

Learning today is a lifelong experience. An explosion in information and technology is creating exciting new jobs and opportunities. Our young people will need to be trained — and retrained — throughout their careers to get and keep these jobs.

Just when we need to do more, the federal government is shutting down thousands of training spaces at SIAST and our Regional Colleges. More than one in four training opportunities will be lost as a result of federal cuts. Apprenticeship programs alone will lose 70 per cent of their funding.

That is why we are building a "made-in-Saskatchewan" training system.

Mr. Speaker, our young people are eager and ambitious. We have to give them the training and skills they need to get ahead. Over the next three years, we will deliver more training to more young people for more jobs than ever in our history.

We are completely restoring funding for apprenticeship and adult basic education. We are building on the strengths of SIAST and our Regional Colleges.

We are expanding our successful JobStart and Future Skills programs to train and equip people for jobs waiting to be filled.

"We will deliver more training to more young people for more jobs than ever in our history."

In total, this Budget provides $117 million this year to prepare Saskatchewan men and women for jobs today and tomorrow.

That is investing in people!

A Stable and Secure Health System

Mr. Speaker, this year Saskatchewan commemorates one of its finest achievements. Thirty-five years ago, Saskatchewan gave Canada Medicare to enable everyone — rural or urban, young or old — to receive the best health care available, regardless of the size of his or her bank account.

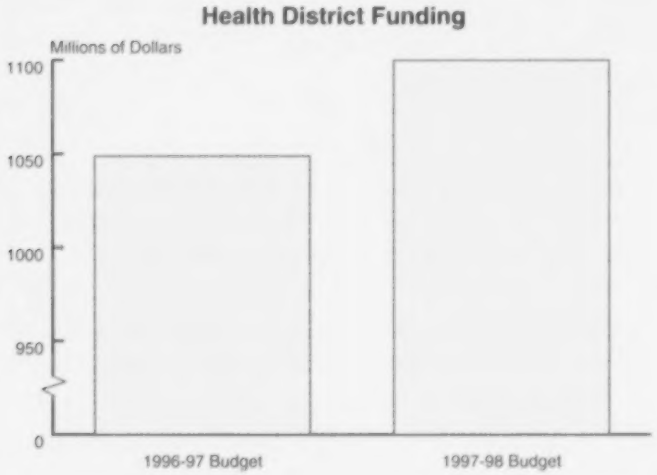
Today, universal health care is under attack. The federal government says it supports the basic principles of public health care, yet it is cutting billions of dollars from Canada's social programs.

"Thirty-five years ago, Saskatchewan gave Canada Medicare."

These cuts threaten to push our great country into a two-tiered health system and Mr. Speaker, what a sad and backward step that would be.

Saskatchewan people know the danger of a two-tiered system. Many remember when families had to choose between medical help and food or clothing. Many remember when hospital and medical costs could mean financial ruin.

Mr. Speaker, our pledge is that those days will never come back.



Saskatchewan people want one strong, publicly-funded health system, available to all. That is why we are replacing every single federal dollar cut from health.

In addition, this Budget makes a further, major investment in health care.

I am pleased to announce we are providing health districts with an additional $51 million over last year.

That is a total investment of $1.1 billion in Saskatchewan people through our health districts for 1997-98.

This funding will bring advanced technology and better services to Saskatchewan people.

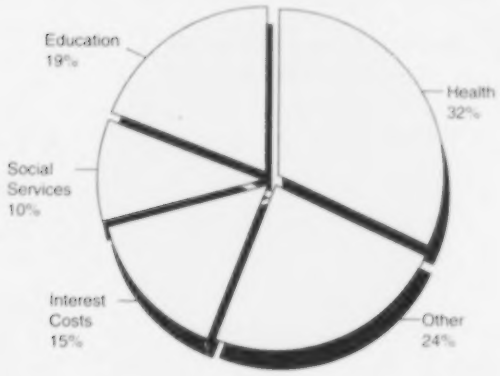
More seniors will now enjoy the independence of living in their own homes knowing round-the-clock home care will be just a phone call away.

More people will soon have easier access to a Magnetic Resonance Imaging unit (MRI), with one in Saskatoon and one in Regina.

More training and modern communications will bring faster, better emergency services, especially in rural Saskatchewan.

"More seniors will now enjoy the independence of living in their own homes knowing round-the-clock home care will be just a call away."

1997-98 Composition of General Revenue Fund Total Expense



Mr. Speaker, one out of every three dollars this Government spends will be invested in health. This investment builds a stable and secure health system for today and develops the new services our families will need tomorrow.

"We will keep building a caring, compassionate, stable and secure health system — always there when people need it."

Imagine the day a parent of a sick child can receive the immediate advice of a specialist in Saskatoon or Regina, or even Toronto, regardless of where they live in Saskatchewan. That is the vision behind Telemedicine, an exciting new project to establish video links between health professionals and patients.

Imagine the day when more medical care can be provided closer to home for families right across Saskatchewan. That is the vision behind our plan to include Advanced Clinical Nurses in our new health teams.

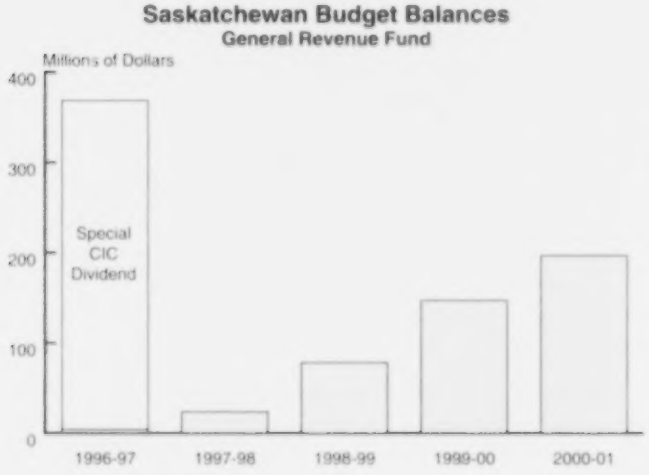
These are just two examples of how we will keep building our modern, universal health system for today and tomorrow — a caring, compassionate, stable and secure health system that will always be there when people need it.

That is what the men and women of this Province who pioneered Medicare would have expected.

That is what Saskatchewan people and families deserve.

Today, we are calling on the federal government to work with us to invest in the health and well-being of the people of Saskatchewan and of Canada.

Mr. Speaker, now is the time for the federal government to join with us and adopt national standards as recommended by its own Health Forum.



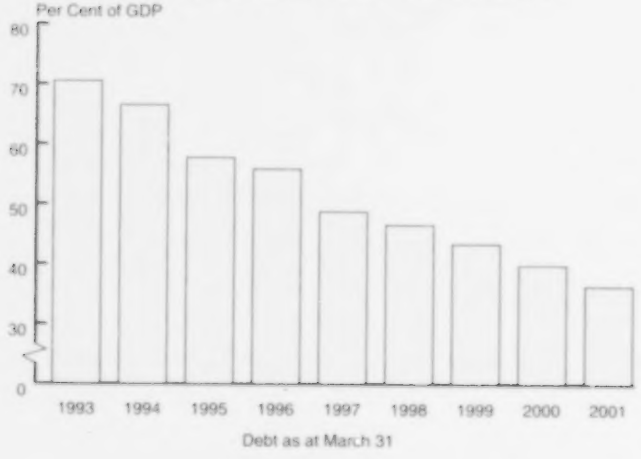
Lower and Fairer Taxes

Mr. Speaker, a healthy society, a growing economy and sound finances are Saskatchewan's ingredients for success now and into the new century.

This Government promised a balance between debt reduction, enhanced social programs and tax cuts.

We are keeping our promise to reduce the provincial debt. In 1993, Saskatchewan's debt was equal to more than 70 per cent of all the goods and services produced in the Province. Today it has been reduced to 49 per cent. By the year 2001, the total debt load will be cut to 36 per cent.

Total Provincial Debt as a Per Cent of GDP



By 2001, our annual interest bill will be $200 million less than in 1995. That is money we can put to work to strengthen social programs or reduce taxes.

We are also keeping our promise to protect the cornerstones of our quality of life — health care, social services and education.

We are replacing 100 per cent of the federal cuts to these vital social programs but we are not stopping there. We have set out a plan to preserve and enhance our quality of life right into the next century.

We are also keeping our promise to cut taxes. In 1995, we reduced personal income taxes and we did it with fairness. We made sure that every Saskatchewan taxpayer benefited from this tax cut.

"We are keeping our promise to cut taxes."

This tax cut was compassionate as well as fair. More than 6,000 low income earners no longer pay income tax as a result of this measure.

The exemptions in our Education and Health Tax further confirm the fairness of our tax system. We do not charge this tax on family essentials, such as children's clothing, electricity and home heating fuel.

"The Province's finances are sound. Our economy is strong and growing."

Some provinces tax these items but we do not because we believe they are a necessary part of the family budget.

Mr. Speaker, I would also like to remind everyone that under the federal government's harmonized tax scheme, these family essentials would be taxed.

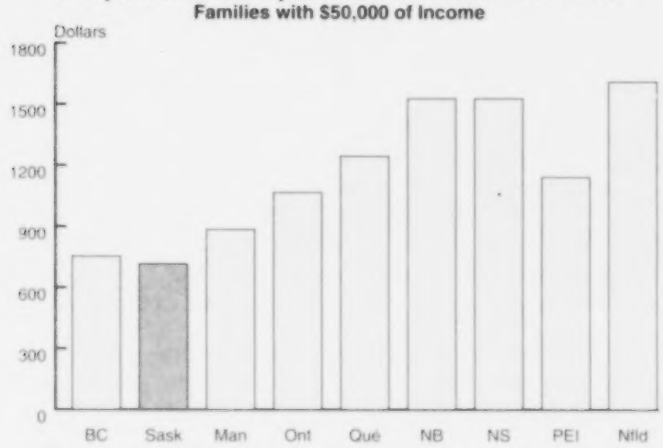
We also believe other family expenses, such as glucose monitors, cholesterol testers and medical supports and braces, should not be taxed. Therefore, I am pleased to announce an extension of the sales tax exemption for medical equipment. Effective midnight tonight, these and similar medical devices will no longer be taxed.

We promised we would do even more when we could afford it. We believe that when a tax cut is given, it has to be sustained for the future.

Mr. Speaker, once again the Province's finances are sound. Our economy is strong and growing.

Saskatchewan Gross Domestic Product

Interprovincial Comparison of Annual Sales Taxes
Families with $50,000 of Income



Alberta does not have a sales tax

Today, we can introduce a further responsible, sustainable tax cut:

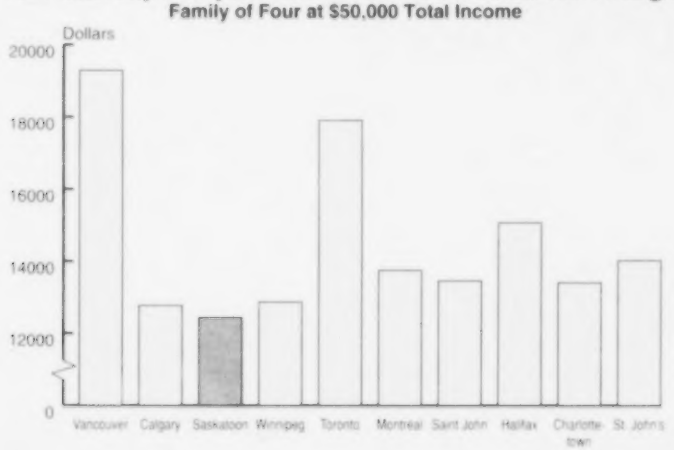
- a tax cut that will benefit families right across the Province;
- a tax cut that puts $180 million back into Saskatchewan pocketbooks and cash registers each and every year; and,
- a tax cut that business people told us would do more to create jobs than any other single measure.

*"We are reducing the E&H Tax from **9**% to **7**%."*

Mr. Speaker, I am very pleased today to announce a reduction in Saskatchewan's sales tax.

Effective midnight tonight, the Education and Health Tax will be reduced from nine per cent to seven per cent.

1997 Intercity Comparison of Taxes and Household Charges
Family of Four at $50,000 Total Income



"This tax cut proves that discipline and sound management pay off."

This is the tax cut Saskatchewan people have worked so hard for. As of midnight tonight, the people of Saskatchewan will pay less sales tax than the people of any other province with such a tax.

This tax cut proves that discipline and sound financial management pay off.

But the 1997-98 Budget shows something more. It shows this Government's determination to keep our commitments and to take a balanced approach. It shows we can pay down debt. We can create prosperity and jobs. We can cut taxes.

We can do all these things and still enhance and strengthen the social programs that make Saskatchewan the best place in the world to live and raise a family.

On Our Way to the 21st Century

Mr. Speaker, all the strategic investments and benefits I have announced today were made possible by the determination, hard work and sacrifice of Saskatchewan people.

These benefits are the rewards of sound, careful management of the public purse.

Today, we are renewing our commitment to the people of Saskatchewan — our promise to invest wisely and to safeguard their ability to choose their own future.

William Jennings Bryan once wrote: "Destiny is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

Today, we stand on the threshold of a new century. We are filled with confidence and optimism.

"We are achieving our destiny with balance, fairness and responsible financial management."

We have made our choices — growth and jobs, roads and infrastructure, social programs and lower taxes.

We are achieving our destiny with balance, fairness and responsible financial management.

That is how to invest in people.

That is how to build a modern, prosperous and co-operative society.

That is how to work together to build a better today and a better tomorrow — on our way to the 21st century!

1997-98 Budget Papers

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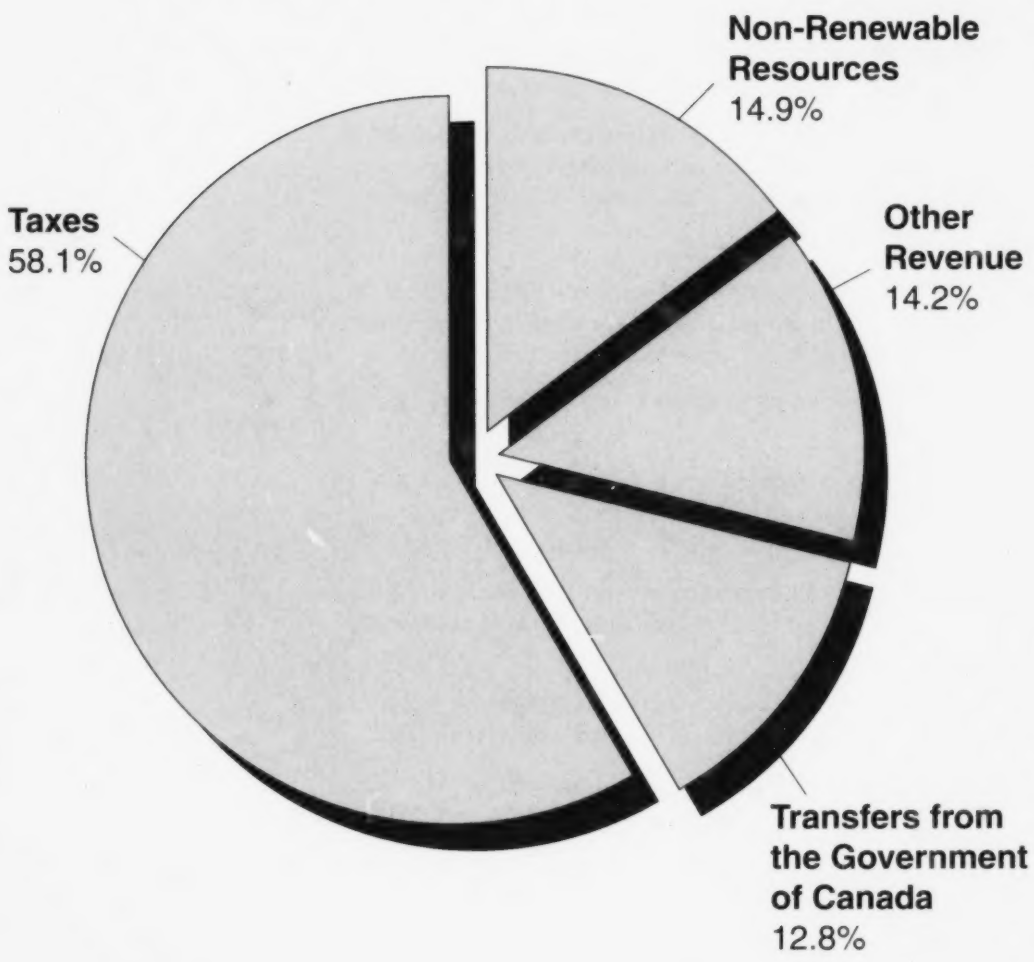
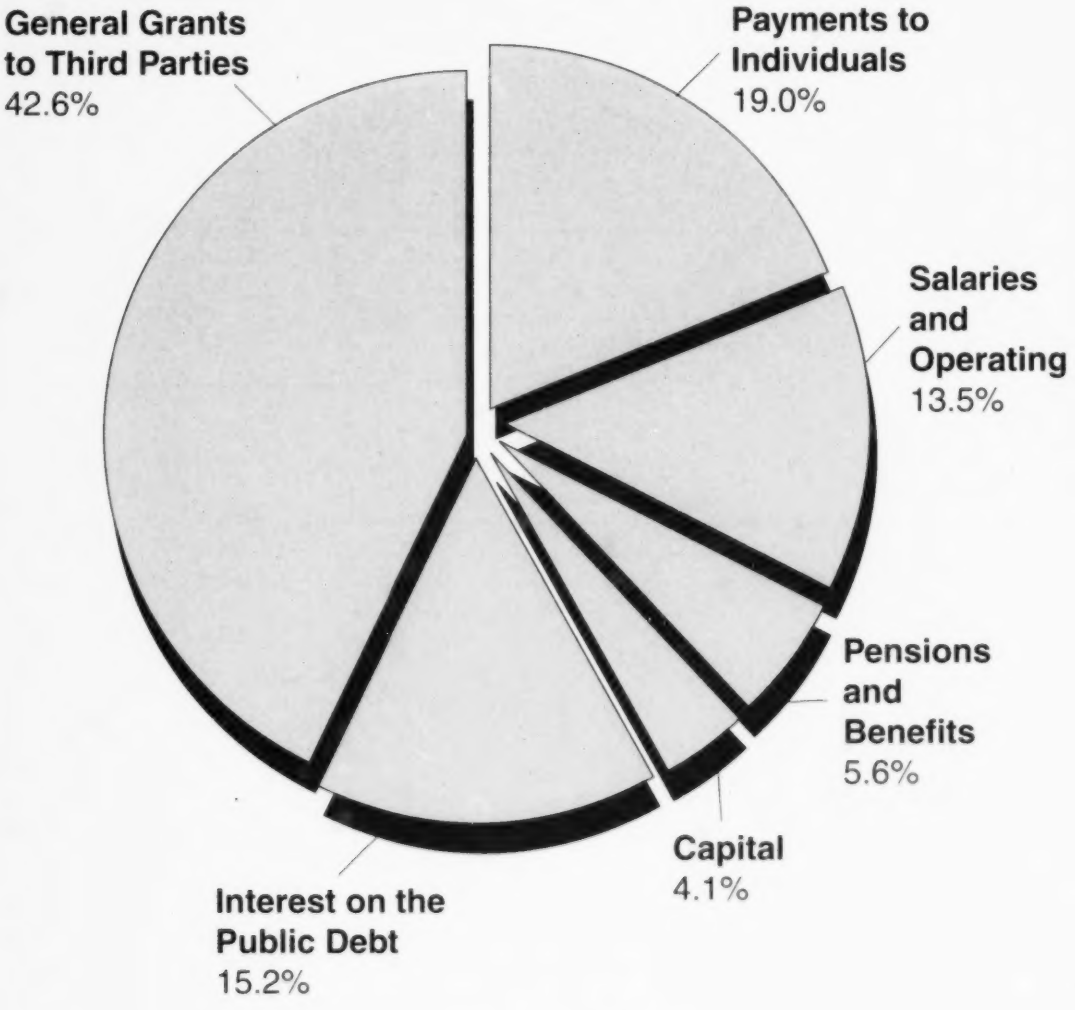
Government of Saskatchewan
General Revenue Fund
Sources of Revenue, 1997-98



	Millions of Dollars	Per Cent of Total
Taxes		
Individual Income	$ 1,270.8	25.0%
Sales	673.2	13.3
Corporations	501.0	9.9
Fuel	339.2	6.7
Tobacco	118.1	2.3
Other	46.8	0.9
	$ 2,949.1	58.1%
Non-Renewable Resources		
Oil	$ 523.3	10.3%
Potash	113.5	2.3
Uranium	55.6	1.1
Natural Gas	42.1	0.8
Other Minerals	18.2	0.4
	$ 752.7	14.9%
Other Revenue		
Dividends	$ 456.6	9.0%
Motor Vehicles	94.0	1.9
Charges for Services	83.4	1.6
Licences and Permits	34.8	0.7
Other	52.8	1.0
	$ 721.6	14.2%
Total Own-Source Revenue	**$ 4,423.4**	**87.2%**
Transfers from the Government of Canada		
Canada Health and Social Transfer	$ 421.0	8.3%
Equalization	129.2	2.5
Other Transfers	99.8	2.0
	$ 650.0	**12.8%**
Total Revenue	**$ 5,073.4**	**100.0%**

Government of Saskatchewan
General Revenue Fund
Distribution of Spending, 1997-98


General Grants to Third Parties 42.6%
Payments to Individuals 19.0%
Salaries and Operating 13.5%
Pensions and Benefits 5.6%
Capital 4.1%
Interest on the Public Debt 15.2%

	Millions of Dollars	Per Cent of Total
General Grants to Third Parties		
District Health Services	$ 1,060.7	21.0%
Schools	376.6	7.5
Post-Secondary Education and Skills Training	289.7	5.7
Municipalities	102.1	2.0
Medical and Health Services and Support	88.0	1.7
RCMP Services	63.0	1.2
Agricultural Support	53.5	1.1
Economic Development and Jobs	41.5	0.8
Treaty Land Entitlements	22.9	0.5
Family and Youth Services	19.6	0.4
Other	35.2	0.7
	$ 2,152.8	42.6%
Payments to Individuals		
Income Support and Assistance	$ 361.5	7.1%
Medical Services	286.0	5.7
Agricultural Support	134.4	2.7
Prescription Drug Plan	59.0	1.2
Student Aid and Training	43.4	0.8
Family and Youth Services	39.8	0.8
Community Living	33.0	0.6
Other	3.4	0.1
	$ 960.5	19.0%
Salaries and Operating		
Highway Maintenance and Operations	$ 123.7	2.5%
Courts, Jails and the Justice System	117.3	2.3
Health and Education Administration	101.4	2.0
Income Support and Assistance	98.4	1.9
Parks, Forests and Natural Resources	93.9	1.9
Internal Government Departments	63.4	1.3
Agriculture and Economic Development	43.3	0.8
Other	38.1	0.8
	$ 679.5	13.5%
Pensions and Benefits		
Public Service	$ 144.9	2.9%
Teachers	137.6	2.7
	$ 282.5	5.6%
Capital		
Construction of Transportation Systems	$ 74.4	1.5%
Health	42.1	0.8
Post-Secondary and Schools	33.5	0.7
Saskatchewan Infrastructure Program	30.2	0.6
Municipalities	10.7	0.2
Other	18.1	0.3
	$ 209.0	4.1%
Interest on the Public Debt	$ 765.0	15.2%
Total Spending	**$ 5,049.3**	**100.0%**

Saskatchewan's Economic Outlook

Introduction

Saskatchewan's economy grew by 3.3 per cent in 1996. Last year's advance was higher than the 1.7 per cent growth posted in 1995 and stronger than the 2.6 per cent growth expected in the 1996-97 Budget.

The better-than-expected performance was due to a bumper crop, higher oil and uranium prices and lower interest rates. Agriculture, mining, manufacturing, housing and retail trade posted strong growth in 1996.

Looking ahead, Saskatchewan's economy will remain strong as the stimulus provided by the 1997-98 Saskatchewan Budget combines with low interest rates and continued global economic expansion to raise the Province's real Gross Domestic Product (GDP) to the end of the decade.

This paper examines the key components of Saskatchewan's economic outlook for the period from 1997 to 2001 including the impact of the 1997-98 Saskatchewan Budget on the economy.

Forecast Assumptions

Saskatchewan's medium term economic forecast is based on cautious assumptions about external economic factors that affect Saskatchewan's economic performance such as Canadian and United States economic growth, the value of the Canadian dollar, interest rates and commodity prices.

Canadian and United States Outlook

	1996	1997	1998	1999	2000	2001
Trade Factors:						
Canadian Real GDP Growth (%)	1.5	3.5	3.4	2.6	2.3	2.1
U.S. Real GDP Growth (%)	2.5	2.9	2.1	2.1	2.1	1.6
Canadian Dollar (U.S. cents)	73.3	74.3	76.2	78.0	78.5	78.5
Canadian Interest Rates:						
Short-term Treasury Bills (%)	4.2	4.0	4.2	4.8	4.4	4.1
Long-term Corporate Bonds (%)	8.1	7.9	7.9	7.5	7.3	7.1
Other Factors:						
Canadian Inflation Rate (%)	1.6	1.5	1.8	1.9	1.9	2.1
Canadian Unemployment Rate (%)	9.7	9.4	8.8	8.9	8.9	8.9

Canada's economic growth is expected to improve over the medium term and will be more balanced than in the past as consumer spending and investment are projected to strengthen.

Canadian interest rates are expected to remain low, stable and supportive of growth over the forecast horizon. Driven by positive economic and fiscal conditions, the Canadian dollar will appreciate slowly in the same period.

The United States economy is expected to accelerate in 1997 and, while moderating slightly in the years ahead, will continue to support Canadian and Saskatchewan growth.

Commodity Prices

	1996	1997	1998	1999	2000	2001
Potash (C$/$K_2O$ tonne)	157.90	160.20	162.90	165.30	167.10	167.40
Oil (U.S.$/bbl. WTI)	22.00	20.10	20.60	21.20	21.70	22.00
Wheat (C$/tonne)*	154.00	157.00	160.00	175.00	179.00	176.00

* Average farmgate price per Crop Year (Aug. - July) for all grades of wheat.

Higher potash prices are projected over the forecast horizon. In contrast, the West Texas Intermediate oil price is expected to decline to an average of $20.10 (U.S.) per barrel in 1997 and rise gradually to $22.00 per barrel by the end of the decade.

The farmgate price for all grades of wheat for Crop Year 1996-97 is projected to average $154 per tonne, down from an average of $216 per tonne during 1995-96. The average farmgate price of wheat is expected to improve slowly over the forecast horizon.

Weather conditions affect both the quantity and quality of the crop. The forecast has assumed that conditions lead to an average crop quantity and quality for each year.

Saskatchewan's Economic Outlook

After posting 3.3 per cent real growth in 1996, Saskatchewan's economy is cautiously projected to grow by 1.8 per cent in real terms in 1997. An assumed return to an average crop in 1997 from a bumper harvest in 1996 is mainly responsible for the lower growth rate.

The 1997-98 Saskatchewan Budget is expected to provide a fresh impetus for faster economic growth and job creation beginning in 1997. By stimulating consumer spending and business investment, the tax cut and other fiscal initiatives contained in the 1997-98 Budget will assist in meeting the Government's objectives of accelerated economic growth and 30,000 new jobs (relative to 1992) by the year 2000.

As the full effects of the new budget measures begin to be felt in 1998, Saskatchewan's real economic growth will improve to 2.5 per cent. Beyond 1998, real economic growth in the Province will average 2.3 per cent annually.

The Province's employment level is projected to increase to an annual average of 471,000 by 1998 — 5,600 more than the average employment level in 1997 and approximately 9,700 more than the employment level in 1996. Saskatchewan's employment level is expected to reach 481,000 by the year 2000 — approximately 31,000 more than the average employment level in 1992.

Saskatchewan's Medium Term Outlook

	1996	1997	1998	1999	2000	2001
Gross Domestic Product						
Billions of Dollars	26.3	27.0	27.9	28.9	29.9	31.0
% Change	3.5	2.6	3.6	3.5	3.4	3.6
Real Gross Domestic Product						
Billions of 1986 Dollars	21.1	21.5	22.0	22.5	23.0	23.5
% Change	3.3	1.8	2.5	2.3	2.3	2.2
Consumer Price Index						
% Change*	1.9	1.2	1.6	1.8	1.9	2.2
Employment Level, Thousands	461.1	465.2	470.8	476.8	480.9	484.9
Unemployment Rate, %	6.6	6.5	6.6	6.4	6.4	6.4
Retail Sales, % Change*	8.0	5.4	6.0	3.4	4.6	4.1

* Includes the direct effect of the 2 percentage point reduction in the Education and Health Tax beginning in 1997.

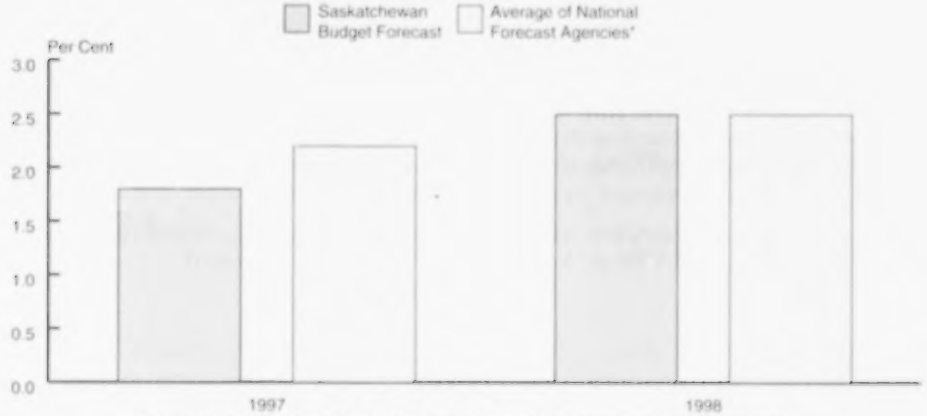
Factors Affecting the Forecast

The medium term outlook is based on cautious but reasonable assumptions about external factors affecting the Saskatchewan economy, such as national and international economic conditions. The forecast also assumes average production in agriculture throughout the forecast period. If these factors vary from the assumptions made, Saskatchewan's actual economic performance will also vary from the forecast.

Forecast Comparison

Independent private forecasters expect Saskatchewan's economy to continue growing. On average, these independent forecasters project Saskatchewan's real Gross Domestic Product to rise by 2.2 per cent in 1997 and 2.5 per cent in 1998.

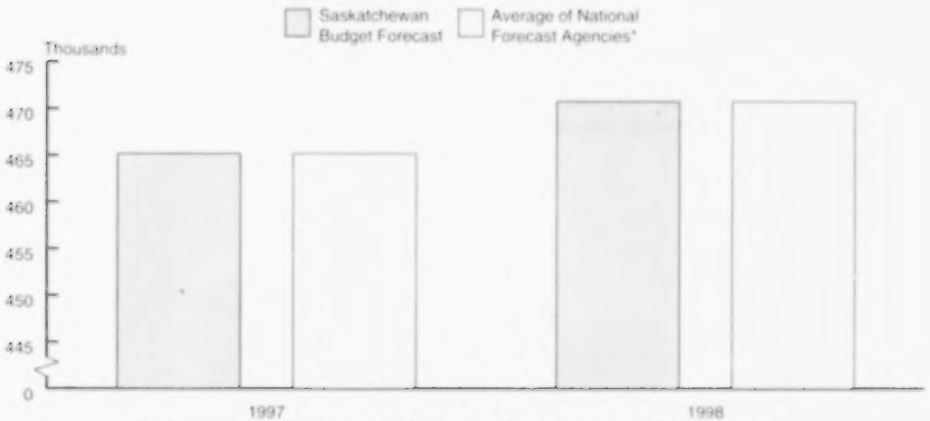
Real GDP Growth Forecast Comparison



*Conference Board of Canada, DRI McGraw-Hill, WEFA, Informetrica, Bank of Montreal, Scotiabank, Royal Bank, CIBC and Toronto-Dominion Bank

The independent forecasters project Saskatchewan's employment level to rise by 4,100 in 1997 and 5,600 in 1998.

Employment Forecast Comparison



*Conference Board of Canada, DRI McGraw-Hill, WEFA, Informetrica, Bank of Montreal, Scotiabank, Royal Bank, CIBC and Toronto-Dominion Bank

Conclusion

Saskatchewan's economic outlook from 1997 to 2001 is for steady growth and faster job creation as a result of the stimulus provided by the 1997-98 Saskatchewan Budget, low interest rates and continued global economic expansion.

Saskatchewan's Financial Outlook

Introduction

The 1997-98 Budget continues a balanced approach to managing the Province's finances. Taxes will be reduced. Investments in priority programs will be enhanced. The General Revenue Fund will also contribute budget balances to reducing debt.

Even with reduced taxes and enhanced investments in priority programs, the Province's budget will remain balanced over the medium term. Budget balances will range from a modest $4 million in 1996-97 (net of the special CIC dividend) to almost $200 million in 2000-01.

The budget balances will assist in reducing Saskatchewan's total provincial debt from $12.8 billion at the end of 1996-97 to $10.9 billion at the end of 2000-01.

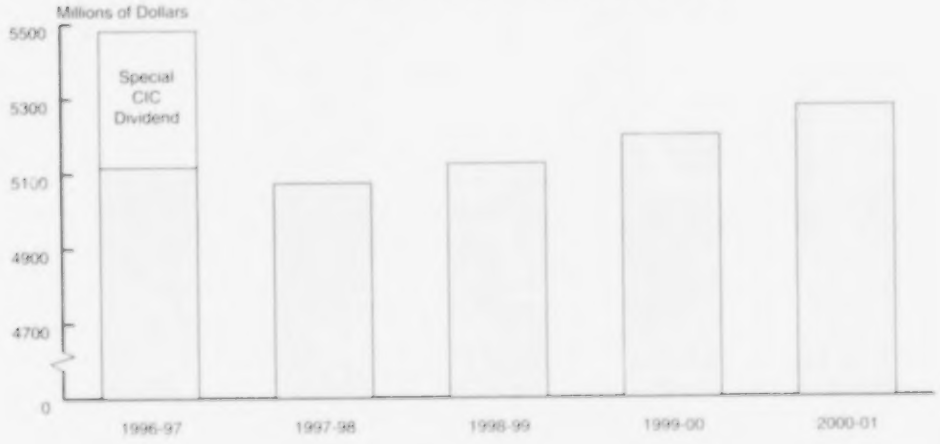
Revenue

General Revenue Fund revenue is forecast to be almost $5.5 billion in 1996-97, including the special CIC dividend of $364.7 million. Without the special CIC dividend, 1996-97 revenue is forecast to be slightly greater than $5.1 billion.

The 1997-98 revenue forecast provides for tax changes, including changes to sales taxes and a number of business incentives. The most significant of these is a two percentage point reduction in the Education and Health Tax. The tax changes are discussed in detail in the *1997-98 Saskatchewan Revenue Initiatives* budget paper.

The tax changes, combined with revenue growth reflecting strong economic performance, yield a 1997-98 revenue projection of almost $5.1 billion. Beyond 1997-98, revenue is forecast to grow modestly at an average annual rate of 1.3 per cent throughout the medium term, approaching $5.3 billion in 2000-01.

General Revenue Fund Revenue Projections



Between 1996-97 and 1997-98, total tax revenue is projected to fall by 3.8 per cent, primarily as a result of the tax reductions introduced in the 1997-98 Budget. Beyond 1997-98, tax revenue is expected to grow at an average annual rate of 1.9 per cent.

Resource revenue will decline in 1997-98 as oil prices are expected to return to more historically normal levels. In subsequent years, resource revenue is expected to grow at an average annual rate of 0.7 per cent.

Transfers from the federal government are projected to fall in 1997-98, reflecting the second year of the cuts to the Canada Health and Social Transfer announced in previous federal budgets.

Expense

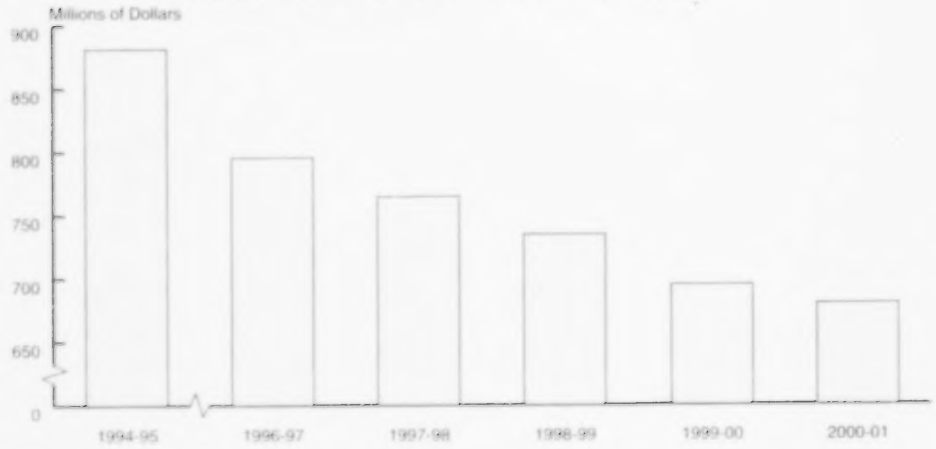
General Revenue Fund expense is forecast to be $5.1 billion in 1996-97 (including the $108 million expense for the Crop Re-insurance Fund debt paydown).

The 1997-98 expense estimates include provision for major investments in health, education and training, child benefit programs, roads and infrastructure.

The government share of interest expense is forecast to be $796 million in 1996-97, drop to $765 million in 1997-98 and continue to decline to $680 million in 2000-01. This $116 million decrease over the period translates into a 3.9 per cent average annual reduction in interest costs.

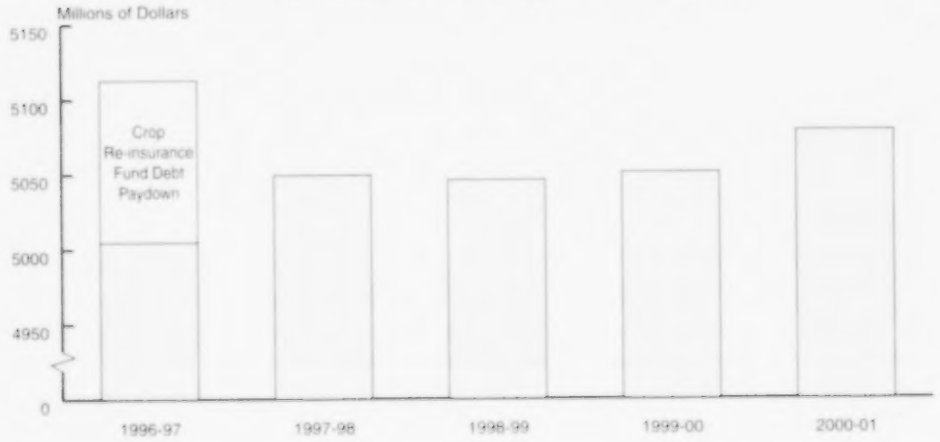
By 2000-01, interest expense will be more than $200 million below the 1994-95 level. Interest expense as a share of revenue will have fallen from 16.9 per cent in 1994-95 to 12.9 per cent in 2000-01.

Interest Expense (Government Share) Projections



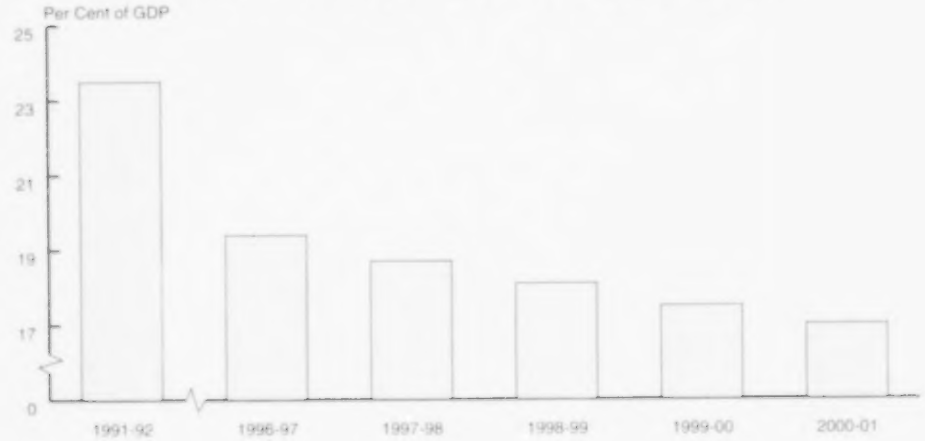
Total expense projections will grow by an average annual rate of 0.2 per cent from 1997-98 to 2000-01.

General Revenue Fund Total Expense Projections



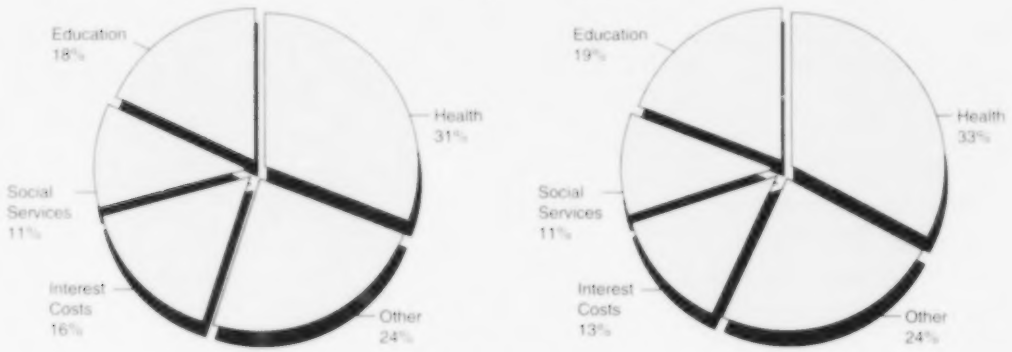
Total spending will fall from 19.4 per cent of the value of goods and services produced in Saskatchewan (GDP) in 1996-97 to 17.0 per cent of GDP in 2000-01 — well below the 1991-92 rate of 23.5 per cent.

General Revenue Fund Total Expense as a Per Cent of GDP



The share of total spending consumed by interest costs will fall from 16 per cent in 1996-97 to 13 per cent in 2000-01. The share of total expense allocated to health will increase by two percentage points. The share allocated to education will increase by one percentage point. The shares spent on social services and all other spending will remain constant.

Composition of General Revenue Fund Total Expense

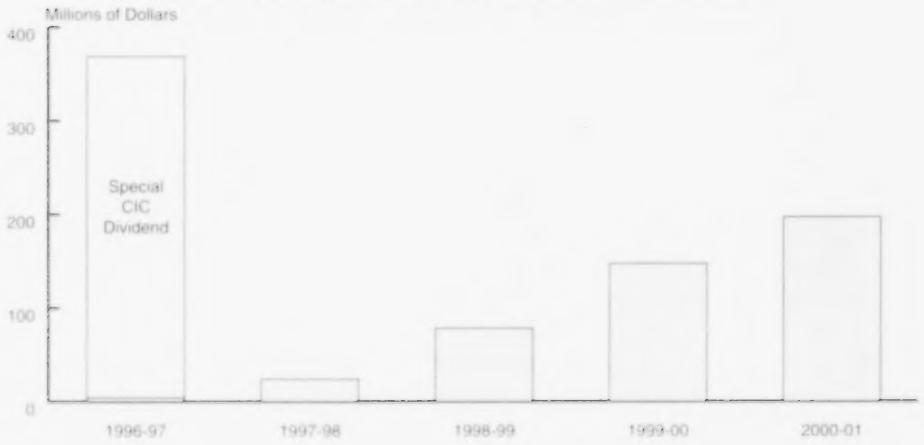


1996-97 Budget **2000-01 Forecast**

Budget Balances

Five years of balanced budgets are projected. These balances are expected to grow from a modest $4 million in 1996-97 (net of the $364.7 million special CIC dividend) to almost $200 million in 2000-01.

General Revenue Fund Budget Balance Projections



These budget balances will contribute $817 million to debt reduction over this five-year period.

General Revenue Fund Contributions to Debt Reduction
(Millions of Dollars)

	1996-97	1997-98	1998-99	1999-00	2000-01
Revenue	$ 5,482*	$ 5,073	$ 5,125	$ 5,199	$ 5,276
Operating Expense	4,317**	4,284	4,311	4,356	4,399
Operating Surplus	$ 1,165	$ 789	$ 814	$ 843	$ 877
Interest on the Public Debt	796	765	735	695	680
Budget Balance	**$ 369**	**$ 24**	**$ 79**	**$ 148**	**$ 197**
Cumulative Contribution to Debt Reduction	**$ 369**	**$ 393**	**$ 472**	**$ 620**	**$ 817**

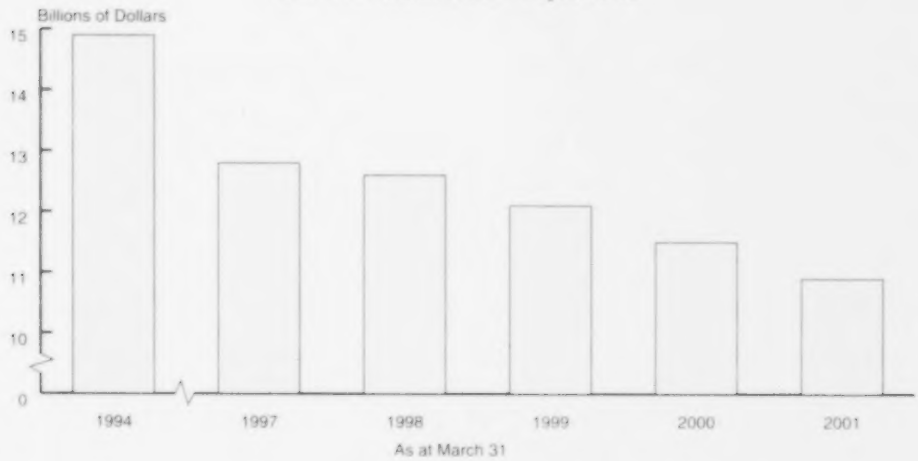
* Includes special CIC dividend of $364.7 million.

** Includes $108 million for Crop Re-insurance Fund debt paydown.

Debt

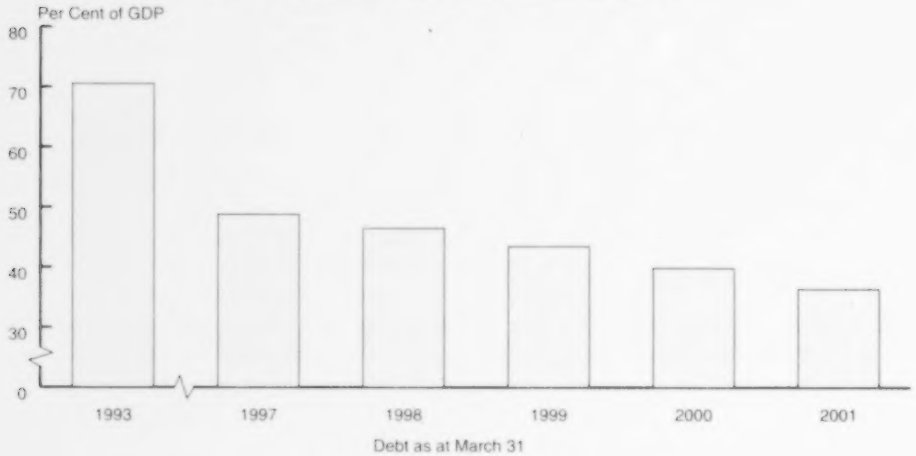
With the assistance of the budget balances, total provincial debt is projected to fall from $12.8 billion at the end of 1996-97 to $10.9 billion at the end of 2000-01 — a reduction of $1.9 billion over the five-year period and of $4.0 billion from the end of 1993-94.

Total Provincial Debt Projections



This reduction in total provincial debt, combined with improved economic performance (as demonstrated in the *Saskatchewan's Economic Outlook* budget paper), will result in improved provincial debt-to-GDP ratios. Saskatchewan's debt-to-GDP ratio is projected to fall from 48.8 per cent at the end of 1996-97 to 36.4 per cent at the end of 2000-01. By March 2001, the Province's debt load relative to the level of economic activity will have been almost halved from its peak in March 1993.

Total Provincial Debt as a Per Cent of GDP



Conclusion

A balanced approach to managing the Province's finances is continued with the 1997-98 Budget.

- Even with tax reductions and new investments in priority programs, there will be balanced budgets throughout the medium term.
- General Revenue Fund balances will contribute $817 million to debt reduction.
- Annual interest costs will be reduced by $116 million from 1996-97 to 2000-01.

Total provincial debt will fall to $10.9 billion by the end of 2000-01 — a reduction of $1.9 billion from 1996-97 and a reduction of $4.0 billion from 1993-94.

The Province's debt load relative to the size of the economy will fall to 36.4 per cent by the end of 2000-01 — a reduction of almost one-half from its peak in 1992-93.

Overall, Saskatchewan's financial outlook demonstrates a continuing commitment to sound financial management.

1997-98 Saskatchewan Revenue Initiatives

General Description

This paper describes in more detail the tax changes announced in the Budget. As this paper is only a summary of the tax initiatives, the reader is advised to contact the Department of Finance or consult the amending legislation for more precise information.

Throughout the fiscal year 1996-97, the Department of Finance conducted its annual review of the provincial tax system's ability to achieve its primary goal of raising sufficient revenue to finance important public services in a fair and effective manner while encouraging job creation and investment. In conducting this review, the Department of Finance received assistance and advice on various fairness and competitiveness issues from several business groups and individuals.

The 1997-98 Saskatchewan Budget presents revenue initiatives that respond to the findings of the Government's examination of the tax system. These initiatives include a major tax reduction for Saskatchewan residents that is both affordable and sustainable and targeted measures which promote job creation and investment.

Education and Health Tax

Effective midnight Budget night, the Government is lowering the rate of the provincial sales tax, the Education and Health (E&H) Tax, from nine per cent to seven per cent.

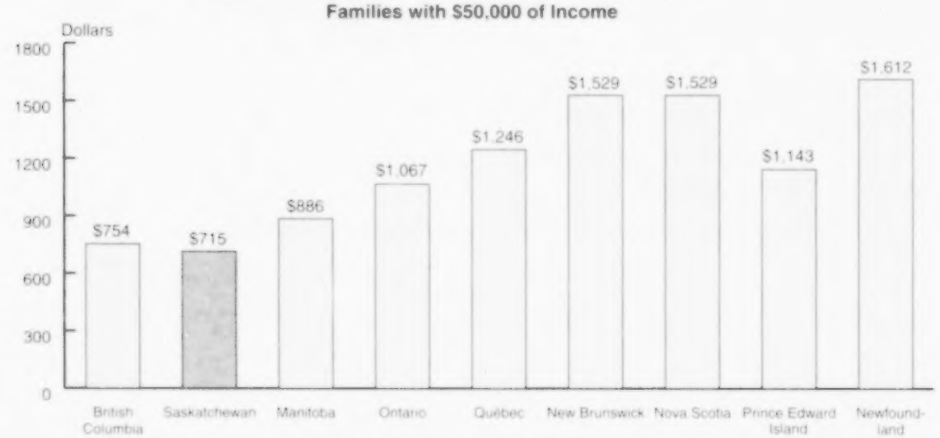
The reduction in the sales tax rate lowers the level of taxation for Saskatchewan families and businesses, providing annual tax savings of about $180 million, and improves the competitiveness of the provincial tax system.

Many family essentials which are taxable in other provinces continue to be exempt from the E&H Tax. These exemptions include food (including restaurant meals and snack foods), drugs and medicines, children's clothing, reading materials, residential electricity and natural gas. In addition, the E&H Tax does not apply to most services, including personal, professional and repair services.

The impact of the many E&H Tax exemptions, when combined with a seven per cent tax rate, is that Saskatchewan families pay a lower amount of sales tax, on an annual basis, than families in any other province with a sales tax. While Alberta has no sales tax, it levies an $816 health care premium on families.

Interprovincial Comparison of Annual Sales Taxes

Families with $50,000 of Income



Medical Devices

The E&H Tax exempts a variety of medical equipment required by disabled and chronically ill individuals. Tax exemptions assist disabled individuals in purchasing such items as prosthetics, orthopaedic appliances, ostomy supplies, insulin/diabetic syringes and needles, wheelchairs and walkers.

The sales tax exemption is being expanded for individuals, effective midnight Budget night, to include blood-glucose monitors and meters, blood pressure monitors, cholesterol testers and monitors, gripping devices and reaching aids, medical alert bracelets and monitoring systems, and various supports and braces. A detailed listing of the medical devices exempt from the sales tax is available from Saskatchewan Finance.

Livestock and Horticultural Facilities Incentive Program

To assist in the diversification of the rural economy, the Government is creating the Livestock and Horticultural Facilities Incentive Program. This Program will encourage investment and job creation by providing an annual rebate of the E&H Tax paid on building materials and certain equipment purchased after Budget day for use in the construction or renovation of livestock and horticultural facilities.

Eligible livestock facilities include any facility that is being used exclusively in the business of raising livestock. Eligible horticultural facilities include commercial greenhouses and permanent storage facilities used exclusively for commercially grown fruits and vegetables.

Only materials and equipment on which the E&H Tax has been paid are eligible for the rebate. Labour costs are not eligible as they are not taxable under the E&H Tax. There is a $500 deductible on the amount of rebate a claimant is eligible to receive in a given calendar year.

Individuals, partnerships, co-operatives and corporations resident in Saskatchewan are eligible to apply for the E&H Tax rebate. Claimants are required to submit all original receipts and bills verifying the construction of the facility. The application for a rebate will include certification that the materials were used exclusively for an eligible purpose, that the work was completed and that an auditor may verify the claim.

Tobacco Tax

Since the E&H Tax applies to tobacco products, the reduction in the E&H Tax rate from nine per cent to seven per cent would result in a decline in the price consumers pay for tobacco products if no other action was taken.

To ensure that the price of tobacco products remains the same, effective Budget night the Tobacco Tax will increase on cigarettes from 8¢ to 8.4¢ per cigarette and on cut tobacco from 5.3¢ to 5.5¢ per gram. The tax rate on cigars will change to 95 per cent of the retail selling price, to a maximum of $2.50 per cigar.

This change will offset both the price and revenue effects of the reduced E&H Tax rate on tobacco products.

Corporation Taxes

Investment Tax Credit for Manufacturing and Processing

Since 1992, the Government has followed a strategy of stimulating growth and job creation in Saskatchewan by improving the competitiveness of the tax system through targeted tax reductions for key sectors of the economy. Examples include:

- the reduction of the small business Corporation Income Tax rate from ten per cent to eight per cent;
- the exemption of E&H Tax on "direct agents" used in manufacturing and processing (M&P), and on 1-800 and 1-888 telephone services; and,
- the Corporation Income Tax reduction for M&P profits from 17 per cent to as low as 10 per cent.

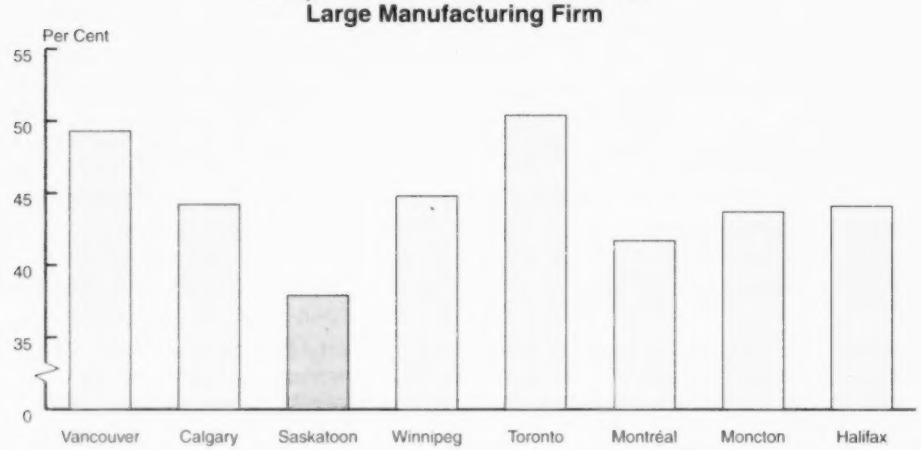
The 1995 Budget introduced a nine per cent Investment Tax Credit (ITC) to encourage plant and equipment acquisitions for M&P activities in Saskatchewan. Response to the ITC from the business community has been favourable, with several companies announcing significant capital expansions in their Saskatchewan operations and citing the ITC as a key element in the investment decision.

As the following charts demonstrate, Saskatchewan's investment climate for manufacturing and processing is highly competitive when compared to other Canadian jurisdictions. These charts show that Saskatchewan has the lowest effective tax rates on manufacturing and processing profits for both small and large firms.

Comparison of Effective Tax Rates*
Small Manufacturing Firm

*Effective tax rate is a measurement of all federal, provincial and local taxes as a percentage of pre-tax net income.

Comparison of Effective Tax Rates*
Large Manufacturing Firm



*Effective tax rate is a measurement of all federal, provincial and local taxes as a percentage of pre-tax net income.

The ITC is available to all M&P corporations making eligible capital purchases and reduces Saskatchewan Corporation Income Taxes payable. Eligible capital purchases are defined as machinery, equipment and buildings which meet the federal definition of "qualified property" for M&P purposes. This definition requires that the acquired asset be new and that its primary use be for the manufacturing and processing of goods.

The ITC is intended to offset the E&H Tax payable on the acquisition of production assets in the M&P sector. The E&H Tax is payable on any new equipment acquired for use in Saskatchewan, whether purchased in the province or not. While used goods are generally not subject to the E&H Tax, the Tax is payable on used equipment brought into Saskatchewan. As a result, companies moving existing assets into Saskatchewan from another province have had to pay the E&H Tax on those assets but have not been eligible to benefit from the ITC.

To remedy this situation, the Government is extending the ITC to qualifying used M&P machinery and equipment brought into Saskatchewan upon which the E&H Tax is payable. This extension will apply retroactively to eligible acquisitions made after February 16, 1995, the date that the ITC was introduced.

Since this extension requires a deviation from the federal definition of "qualified property", the ITC on used equipment will be administered directly by Saskatchewan Finance, rather than by Revenue Canada. Corporations will apply directly to Saskatchewan Finance and will have to demonstrate that qualifying equipment had been previously used in another province, that E&H Tax had been paid on it upon entry into Saskatchewan and, since the ITC is a non-refundable tax credit, that the company is in a taxable position.

In addition, for eligible acquisitions made after Budget day, the Government is reducing the rate of the ITC from nine per cent to seven per cent, concurrent with the E&H Tax rate reduction.

Improving Co-ordination and Administration

The Government continues to examine areas where the tax system can be better co-ordinated with the federal tax system and other provincial tax systems to improve efficiencies and to reduce taxpayer compliance costs. For example, the Government is currently involved in federal-provincial discussions regarding the proposed Canada Border and Revenue Service (CBRS). The CBRS is intended to consolidate current federal and provincial tax systems to simplify tax administration in Canada.

To improve co-ordination with the federal Large Corporations Tax (LCT), the Government is making technical changes to the Corporation Capital Tax (CCT) on financial institutions. These changes, effective for fiscal years beginning after July 1, 1997, will move Saskatchewan's CCT base for financial institutions closer to that of the federal government's LCT on financial institutions.

These changes will also require securities dealers to report as financial institutions for the purposes of Saskatchewan's CCT. Currently, securities dealers are treated as general corporations for CCT purposes but are treated as financial institutions under the federal LCT.

Although these relatively minor changes will not fully integrate the two taxes, they are an important first step in this direction. Greater co-ordination of federal and provincial capital taxes has been endorsed in principle by the Canadian Bankers Association, the federal government and provincial governments.

For further information on the changes to the E&H Tax, the Tobacco Tax, the Investment Tax Credit for Manufacturing and Processing and the Corporation Capital Tax, please contact:

Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan S4P 4A6

Telephone: 1-800-667-6102 or (306) 787-6645 (Regina)

For further information on the Livestock and Horticultural Facilities Incentive Program, please contact:

Saskatchewan Agriculture and Food
3085 Albert Street
Regina, Saskatchewan S4S 0B1

Telephone: (306) 787-5203

Saskatchewan's Tax Expenditures

Introduction

Although the primary purpose of taxation is to raise revenue, governments also achieve some of their social and economic goals by reducing the taxes paid by certain taxpayers. These reductions are commonly called "tax expenditures" and include such measures as exemptions, deductions, tax credits, preferential tax rates, deferrals or omissions. Each provides special or preferential treatment to certain taxpayers or to certain types of activity. Taken together, they provide assistance to a variety of individuals and businesses, including families, farmers, seniors and small businesses.

While tax expenditures are usually absorbed in the overall revenue estimates and are not shown as "line items" in the budget, as direct spending programs are, they reduce the amount of revenues generated by a government and they affect a government's fiscal position in the same way as direct expenditures.

The Rationale for Tax Expenditures

Tax expenditures can achieve a number of objectives, such as enhancing the fairness of the tax system or promoting certain types of economic activity. In pursuing these objectives, some tax expenditures have become fundamental elements of the tax system.

Saskatchewan's Personal Income Tax is based on the federal Personal Income Tax system. As a result, the deductions and tax credits that are provided by the federal government in computing Basic Federal Tax, such as the Basic Personal Credit and the deduction for Registered Retirement Savings Plan contributions, also affect Saskatchewan income tax collections. For example, Saskatchewan's Personal Income Tax revenue will be reduced by an estimated $15.0 million in support of charitable donations made in 1997. Furthermore, several of the recent changes in the 1997 federal budget which will lower federal income taxes for students and the disabled in Saskatchewan will also lower provincial income taxes for these persons.

The Government of Saskatchewan improves the progressiveness and fairness of the Personal Income Tax system through the Saskatchewan Tax Reduction, which decreases the tax payable by lower-income individuals, families and seniors. In 1997, the Saskatchewan Tax Reduction will reduce the income taxes paid by lower-income taxfilers in the province by about $51 million.

To improve the distribution of corporate taxes, Saskatchewan has a lower income tax rate for small businesses and levies the Corporation Capital Tax on larger corporations. The small business Corporation Income Tax rate of eight per cent is less than half the general Corporation Income Tax rate of 17 per cent. The $10 million exemption in Saskatchewan's Corporation Capital Tax ensures that only the largest corporations operating in the province are subject to the tax. About 1,000 corporations file Saskatchewan Corporation Capital Tax returns annually.

To promote economic activity and create jobs, the Corporation Income Tax rate on manufacturing and processing (M&P) profits is reduced by up to seven percentage points, depending upon the level of business activity in Saskatchewan. Saskatchewan also provides an Investment Tax Credit to assist M&P companies which invest in capital assets for use in Saskatchewan. This tax expenditure is being extended in this Budget to include used equipment.

Saskatchewan's Fuel Tax provides tax-free treatment to farm-use diesel fuel, through a fuel-colouring program, in recognition of the importance of agriculture to Saskatchewan. In addition, a gasoline tax rebate is provided for agricultural use of gasoline.

Saskatchewan's sales tax, the Education and Health (E&H) Tax, does not apply to certain basic items such as food, home heating fuel, children's clothing and reading materials. In addition, the E&H Tax does not apply to most services. In this way, the Tax gives preferential treatment to families which consume these items. This treatment is in contrast to the federal Goods and Services Tax (GST) and the sales taxes of provinces which have harmonized with the GST, since those taxes apply to a much broader range of goods and services purchased by families.

Associated Costs

While tax expenditures serve important social and economic objectives, the introduction of any tax expenditure results in associated costs. These costs take several forms.

- First, there is the cost of forgone revenues. Tax expenditures result in the reduction of revenue collected and have a significant effect on a government's financial position.
- Second, tax expenditures may add to the complexity of the tax system, leading to increased administrative effort by both taxpayers and governments.
- Third, tax expenditures may create distortions in consumer and other economic behaviour.
- Finally, tax expenditures may create increased compliance costs for both businesses and consumers.

Government of Canada Tax Expenditures

Saskatchewan has presented tax expenditure estimates since 1981 and is the only Canadian jurisdiction to present a tax expenditure summary for each of the last 17 years. From time to time, the federal government prepares a detailed presentation on the tax expenditures that are part of the federal tax system.

As a result of the interaction between Saskatchewan's personal and corporate income taxes and the federal government's income taxes, many of the federal tax expenditures have an impact on Saskatchewan's revenue, not all of which are shown in the following estimates. Readers interested in examining the federal government's presentation of tax expenditures are invited to contact the federal Department of Finance.

1997 Saskatchewan Tax Expenditures

The major highlight of *Saskatchewan's Tax Expenditures* in 1997 is the reduction in the tax expenditures associated with Saskatchewan's E&H Tax. This is the result of the lowering of the E&H Tax rate from nine per cent to seven per cent, effective March 21, 1997. The annual value of these tax expenditures will be reduced further in 1998 when the two point reduction in the sales tax rate will be in effect for the entire calendar year.

See the *1997-98 Saskatchewan Revenue Initiatives* paper for more detail on the various tax changes in the 1997 Budget.

The following tables provide estimates of the major tax expenditures of the Government of Saskatchewan in 1997. The estimates were calculated using tax collection data and Statistics Canada data.

1997 Government of Saskatchewan
Tax Expenditure Accounts
(Value of Tax Expenditures in Millions of Dollars)

Sales Tax

Exemptions	
1. Children's clothing and footwear	$ 7.6
2. Drugs and medicines	16.4
3. Electricity	33.8
4. Farm machinery and repair parts	58.3
5. Fertilizer, pesticide and seed	69.1
6. Food	
- Restaurant meals and snack foods	58.5
- Basic groceries	76.0
7. Natural gas	23.7
8. Reading materials	8.8
9. Services	
- Construction	148.4
- Repair	78.1
- Other	43.2
10. Used goods	53.4
11. Direct agents	9.3
12. 1-800 and 1-888 telephone services	0.5

Fuel Tax

1. Exemption for farm activity	$ 116.9
2. Exemption for heating fuels	19.8
3. Exemption for primary producers	1.4

Personal Income Tax

Deductions from Income	
1. Registered Pension Plan contributions	$ 40.5
2. Registered Retirement Savings Plan contributions	101.1
3. Annual union, professional or like dues	8.7
4. Child care expenses	7.6
5. Moving expenses	1.0
6. Carrying charges	9.4
7. Allowable employment expenses	7.5
8. $500,000 Capital gains deduction	25.0
Personal Tax Credits	
1. Basic personal tax credit	$ 314.0
2. Spousal tax credit	26.0
3. Age tax credit	27.3

Other Tax Credits

1. Canada Pension Plan contributions tax credit	$	22.0
2. Employment Insurance premiums tax credit		19.0
3. Pension income tax credit		5.5
4. Tuition and Education tax credits		10.1
5. Medical expenses tax credit		6.4
6. Charitable contributions tax credit		15.0

Provincial Tax Measures

1. Saskatchewan Tax Reduction		
- $200 Sales Tax Reduction	$	28.5
- $300 Spousal Tax Reduction		6.0
- $250 per Dependent Child Tax Reduction		14.2
- $200 Senior Citizen Reduction		4.9
2. $150 Debt Reduction Surtax Reduction		55.0
3. Saskatchewan Tax Incentives Program		
- Labour-sponsored Venture Capital Tax Credit		4.0

Corporation Income Tax

1. Lower tax rate for small business	$	57.9
2. Saskatchewan Royalty Tax Rebate		6.5
3. Manufacturing & Processing Profits Tax Reduction		12.0
4. Investment Tax Credit for Manufacturing and Processing		18.0

Corporation Capital Tax

1. General exemption of $10,000,000	$	25.0
2. Exemption for co-operatives, credit unions, family farm corporations and insurance companies		10.8

1997 Intercity Comparison of Taxes and Household Charges

A number of factors contribute to the quality of life enjoyed by individuals and families in Saskatchewan and across Canada. For example, access to excellent health care, education and social services is a key part of the overall quality of life.

Two other important factors that affect quality of life are:

- the level of provincial taxes on income and consumption, and other provincial levies; and,
- household costs for rent and mortgages (including property taxes), utilities and auto insurance.

Calculating the combined cost of provincial taxes and typical household charges is a reliable way to compare the attractiveness of living in different parts of Canada.

For the purposes of such a comparison, the total cost of such taxes and household charges for representative families living in Saskatoon, Saskatchewan's largest city, has been compared with the costs those families would face in other major cities across the country.

The provincial taxes and household charges associated with the following family characteristics and income levels have been calculated to provide a representative comparison:

- a single individual, living in rental accommodation, with an annual income of $25,000;
- a family of two adults and two dependent children, owning their own home, with an annual family income of $50,000; and,
- a family of two adults and two dependent children, owning their own home, with an annual family income of $75,000.

The income of the two families is assumed to be earned by both spouses, with one earning 60 per cent and the other earning 40 per cent of total family income. With the exception of the GST on utilities, federal taxes are not included in this comparison.

The results of this survey show that Saskatoon compares favourably with other cities in Canada, having the **lowest overall** combined taxes and charges of the ten cities surveyed for a single individual earning $25,000 and for a family with an income of $50,000. Saskatoon has the **second lowest** combined taxes and charges of all the cities surveyed for a family with an annual income of $75,000.

There are a number of reasons for Saskatoon's favourable standing in this comparison with other Canadian cities.

Saskatoon has the lowest combined charges for auto insurance, telephone, home heating and electricity in 1997. Also, housing costs in Saskatoon associated with mortgage payments and property taxes are among the lowest in Canada.

This Budget's announcement of a reduction in the Education and Health (E&H) Tax from nine per cent to seven per cent makes Saskatchewan's sales tax rate one of the lowest in Canada. In addition, many family essentials such as heating fuel, residential electricity, reading materials and children's clothing continue to be exempt from the E&H Tax, thereby providing significant tax savings for families. Unlike in many other jurisdictions, the E&H Tax does not apply to most services, including personal, professional and repair services.

On a full year basis (as shown in the tables), the combined effect of a seven per cent tax rate and the broad list of personal exemptions means that Saskatchewan families pay the lowest provincial sales tax in Canada. Alberta, which has no sales tax, levies health care premiums that exceed the sales tax paid in Saskatchewan by average families.

Saskatchewan also has reduced its Debt Reduction Surtax, lowering provincial income taxes by up to $150 a year for individuals and up to $300 a year for two-income families.

All of these factors combine to make Saskatoon compare very favourably with other Canadian cities when looking at the items that individuals and families generally consider in comparing living costs.

1997 Intercity Comparison of Taxes and Household Charges: Single Person at $25,000 Total Income

	Vancouver	Calgary	Saskatoon	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
Provincial Income Tax	$ 1,490	$ 1,455	**$ 2,007**	$ 2,020	$ 1,432	$ 2,520	$ 1,841	$ 1,710	$ 1,739	$ 2,016
Tax Credits and Rebates	0	0	**0**	(275)	0	(270)	0	0	0	0
Health Premiums	432	408	**0**	0	0	0	0	0	0	0
Retail Sales Tax	364	0	**352**	437	524	618	784	784	565	823
Gasoline Tax	140	90	**150**	115	147	167	107	135	120	165
Total Provincial Taxes	$ 2,426	$ 1,953	**$ 2,509**	$ 2,297	$ 2,103	$ 3,035	$ 2,732	$ 2,629	$ 2,424	$ 3,004
Rent	$ 7,932	$ 5,676	**$ 4,704**	$ 5,292	$ 8,100	$ 5,244	$ 4,488	$ 6,060	$ 5,100	$ 5,724
Electricity	352	414	**543**	350	536	371	462	544	603	544
Telephone	270	275	**197**	211	265	266	221	270	259	223
Auto Insurance	1,477	1,602	**651**	925	2,335	1,385	1,294	1,484	1,091	1,741
Total Household Charges	$10,031	$ 7,967	**$ 6,095**	$ 6,778	$11,236	$ 7,266	$ 6,465	$ 8,358	$ 7,053	$ 8,232
Total	$12,457	$ 9,920	**$ 8,604**	$ 9,075	$13,339	$10,301	$ 9,197	$10,987	$ 9,477	$11,236

1997 Intercity Comparison of Taxes and Household Charges: Family of Four at $50,000 Total Income

	Vancouver	Calgary	Saskatoon	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
Provincial Income Tax	$ 2,739	$ 2,658	**$ 3,724**	$ 3,313	$ 2,632	$ 2,751	$ 3,384	$ 2,992	$ 3,196	$ 3,706
Tax Credits and Rebates	0	0	**0**	(250)	0	0	0	0	0	0
Health Premiums	864	816	**0**	0	0	0	0	0	0	0
Retail Sales Tax	754	0	**715**	886	1,067	1,246	1,529	1,529	1,143	1,612
Gasoline Tax	280	180	**300**	230	294	334	214	270	240	330
Total Provincial Taxes	$ 4,637	$ 3,654	**$ 4,739**	$ 4,179	$ 3,993	$ 4,331	$ 5,127	$ 4,791	$ 4,579	$ 5,648
Mortgage Costs	$ 9,607	$ 4,618	**$ 3,612**	$ 3,562	$ 7,099	$ 3,772	$ 3,167	$ 4,323	$ 3,558	$ 3,220
Property Taxes	1,963	1,410	**1,750**	2,675	2,519	2,100	1,350	2,003	1,500	902
Home Heating	778	579	**660**	787	863	1,371	1,590	1,482	1,478	1,505
Electricity	569	645	**833**	543	844	543	721	730	954	797
Telephone	270	275	**197**	211	265	265	221	270	259	223
Auto Insurance	1,477	1,602	**651**	925	2,335	1,385	1,294	1,484	1,091	1,741
Total Household Charges	$14,664	$ 9,129	**$ 7,703**	$ 8,703	$13,925	$ 9,436	$ 8,343	$10,292	$ 8,840	$ 8,388
Total	$19,301	$12,783	**$12,442**	$12,882	$17,918	$13,767	$13,470	$15,083	$13,419	$14,036

1997 Intercity Comparison of Taxes and Household Charges: Family of Four at $75,000 Total Income

	Vancouver	Calgary	Saskatoon	Winnipeg	Toronto	Montréal	Saint John	Halifax	Charlotte-town	St. John's
Provincial Income Tax	$ 5,507	$ 5,274	**$ 7,327**	$ 7,275	$ 5,292	$ 8,587	$ 6,803	$ 6,317	$ 6,425	$ 7,451
Tax Credits and Rebates	0	0	**0**	(250)	0	0	0	0	0	0
Health Premiums	864	816	**0**	0	0	0	0	0	0	0
Retail Sales Tax	994	0	**915**	1,161	1,397	1,616	1,973	1,973	1,496	2,075
Gasoline Tax	280	180	**300**	230	294	334	214	270	240	330
Total Provincial Taxes	$ 7,645	$ 6,270	**$ 8,542**	$ 8,416	$ 6,983	$10,537	$ 8,990	$ 8,560	$ 8,161	$ 9,856
Mortgage Costs	$ 9,607	$ 4,618	**$ 3,612**	$ 3,562	$ 7,099	$ 3,772	$ 3,167	$ 4,323	$ 3,558	$ 3,220
Property Taxes	1,963	1,410	**1,750**	2,675	2,519	2,100	1,350	2,003	1,500	902
Home Heating	778	579	**660**	787	863	1,371	1,590	1,482	1,478	1,505
Electricity	569	645	**833**	543	844	543	721	730	954	797
Telephone	270	275	**197**	211	265	265	221	270	259	223
Auto Insurance	1,477	1,602	**651**	925	2,335	1,385	1,294	1,484	1,091	1,741
Total Household Charges	$14,664	$ 9,129	**$ 7,703**	$ 8,703	$13,925	$ 9,436	$ 8,343	$10,292	$ 8,840	$ 8,388
Total	$22,309	$15,399	**$16,245**	$17,119	$20,908	$19,973	$17,333	$18,852	$17,001	$18,244

Taxes and Household Charges – Notes

All living costs are based on information available to Saskatchewan Finance as of January 1, 1997.

Provincial Income Tax is calculated for an individual with $25,000 and two families with $50,000 and $75,000 of income, respectively. It is assumed that family income is earned by both spouses at a 60 per cent to 40 per cent ratio and that the families each claim $3,000 in child care expenses for two dependent children (ages 6 and 12). Total income does not include the federal Child Tax Benefit which is non-taxable. Personal non-refundable credits used include the CPP/QPP and EI contribution credits. Gross Québec Personal Income Tax has been reduced by the Québec Child Care Expense Tax Credit and by the 16.5 per cent abatement from federal income tax. The tables are calculated using known changes as of January 1, 1997.

Tax Credits and Rebates refers to refundable provincial income tax credits and rebates designed to reduce the impact of retail sales tax, provincial income tax, rental payments and property taxes.

Health Premiums are annual premiums for hospital insurance and medical services.

Retail Sales Tax is based upon average single and family expenditure baskets at the total income levels from the *Survey of Family Expenditures in 1992* (Statistics Canada). The sales tax base in each province was identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial retail sales taxes were then estimated based on taxable expenditures in each province. Sales tax figures for Newfoundland, New Brunswick and Nova Scotia are calculated to include the full year impact of harmonization with the GST. Figures for Saskatchewan include the full year impact of the reduction in the E&H Tax rate from nine per cent to seven per cent.

Gasoline Tax is based on annual consumption of 1,000 litres for the single taxfiler and 2,000 litres for the families. The amount for Vancouver includes the 3.0¢/litre transit levy; the amount for Montréal includes the 1.5¢/litre transit levy.

Mortgage Costs are based on average home prices for a detached bungalow, from the Royal LePage Fall 1996 *Survey of Canadian House Prices*, with one-half of the home price being financed over 25 years at a one-year closed mortgage rate of 5.20 per cent.

Property Taxes are based on the average estimated taxes for a detached bungalow, from the Royal LePage Fall 1996 *Survey of Canadian House Prices*.

Rent is based on average one-bedroom apartment rents for each metropolitan area, from the Canada Mortgage and Housing Corporation's *Rental Market Report*, November 28, 1996.

Home Heating charges are based on an annual consumption level of 141 mcf (3,800 m^3) of natural gas. For the Atlantic provinces, the figures represent the BTU equivalent consumption of fuel oil. Rates include applicable municipal taxes and surcharges.

Electricity charges are based on an annual consumption level of 4,584 kWh for the renter and 8,100 kWh for the homeowners. Rates include applicable municipal taxes and surcharges.

Telephone charges are the basic service rates for individual residences. Rates include applicable municipal taxes and surcharges.

Auto Insurance is based on the premium rate for a male over 30 years of age, driving a 1992 Ford Taurus. Coverage includes $500,000 third party liability, $250 deductible collision ($200 in Winnipeg, Saskatoon, Vancouver, St. John's and Montréal) and $100 deductible comprehensive.

Saskatchewan and The National Child Benefit

Introduction

One of Saskatchewan's key priorities is to reduce, and ultimately eliminate, child and family poverty. That is why this Province has taken a leadership role in bringing the issue of child poverty to the national level.

A national plan would provide the most effective means of addressing child poverty; however, such a plan is not yet in place, and action must be taken now to improve conditions for low-income families and their children in Saskatchewan.

Background

For several years, Saskatchewan has been working on a broadly-based, income-tested children's benefit to replace social assistance for children and to support low-income, working families.

In January 1996, the Saskatchewan Minister of Social Services released a discussion paper, *Redesigning Social Assistance*, which described the need for reform of our income security programs and indicated the direction reform should take. This discussion paper and its blueprint for change received widespread public support during the consultation process that followed.

Through Saskatchewan's leadership, momentum began to build for a National Child Benefit, and in June 1996, the Prime Minister and the provincial Premiers agreed that the development of a National Child Benefit should be a national priority.

It was subsequently agreed that the objectives of a National Child Benefit would be to:

- help prevent and reduce the depth of child poverty;
- promote independence by ensuring that families are better off working than on welfare; and,
- reduce overlap and duplication between federal and provincial benefit programs.

The federal government's commitment to the National Child Benefit was outlined in the February 1997 federal Budget. Although the federal Budget announced an increase in the existing Canada Child Tax Benefit, it is not scheduled to be implemented until July 1998.

Now that the details of the federal approach to the National Child Benefit have been announced, Saskatchewan is refining its programs to build on the federal changes to the Canada Child Tax Benefit.

Saskatchewan programs expected to form part of the National Child Benefit and meet the needs of low-income families include:

- a Saskatchewan Child Benefit which will provide enhanced benefits to low-income families on a monthly, per-child basis; and,
- a Saskatchewan Employment Supplement which will provide benefits to low-income families receiving employment or child maintenance support income.

Saskatchewan is committed to working with the federal government and the other provinces to implement a National Child Benefit as quickly as possible. However, steps have to be taken immediately to address child poverty. Therefore, the Province is

providing new, transitional funding this year as a bridge until the National Child Benefit program begins in 1998. This new funding includes:

- $3.8 million to enhance the Family Income Plan;
- $1.0 million for child care capital grants;
- $0.5 million for projects under the Child Nutrition and Development Program;
- $0.5 million for school supplies for families on social assistance; and,
- $0.2 million for northern community development initiatives.

The 1997-98 Saskatchewan Budget provides a total of $6.0 million in transition funding.

Saskatchewan's Action Plan for Children

The transition funding will be directed to new and existing programs delivered through the award winning Saskatchewan's Action Plan for Children (The Action Plan).

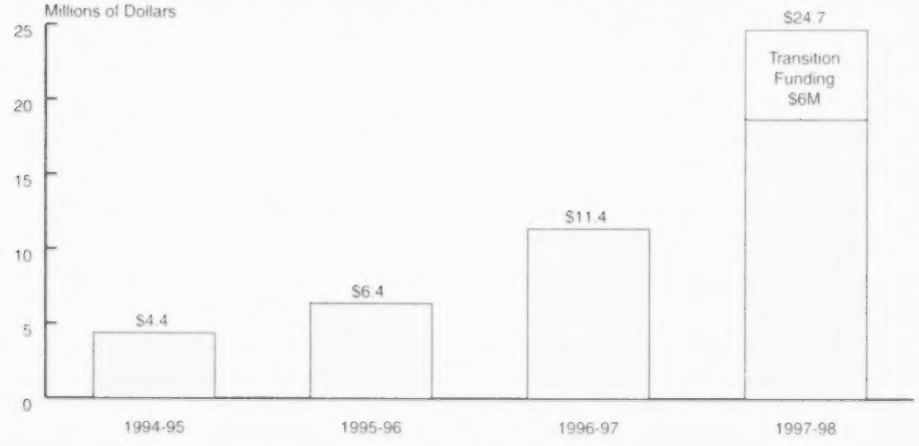
The Action Plan represents the combined efforts of seven government departments and secretariats, as well as organizations and communities across the Province. This co-operative process was begun in 1993 to improve the well-being of Saskatchewan children, youth and families.

More than 250 community projects and many province-wide initiatives have been developed or enhanced as a result of The Action Plan. In 1996, Saskatchewan received the national Champions for Children award from the Child Welfare League of Canada for the work done through Saskatchewan's Action Plan for Children.

Funding for The Action Plan has grown each year since its inception in 1994-95. Last year, $11.4 million was directed to needed benefits and services for children and youth through The Action Plan.

The $6.0 million transition funding, combined with $7.3 million in increased funding this year for The Action Plan, totals $13.3 million in new funding for 1997-98.

Funding for Saskatchewan's Action Plan for Children



The 1997-98 Budget more than doubles funding for The Action Plan, bringing the total funding to $24.7 million.

1997-98 Funding for Saskatchewan's Action Plan for Children
($ Millions)

New, transitional funding	$	6.0
New, permanent funding		7.3
Ongoing funding		11.4
Total 1997-98 Funding	$	24.7

1997-98 Components of The Action Plan

The Action Plan will include the following components in 1997-98:

1. Addressing Child and Family Poverty;
2. Supporting Youth At Risk;
3. Supporting Vulnerable Children; and,
4. Strengthening Early Childhood Development.

1. Addressing Child and Family Poverty

The 1997-98 Budget provides an additional $10.1 million to ensure children have the basic necessities of life. (This includes $6.0 million in transitional funding until the National Child Benefit is established.)

This increased funding includes $3.3 million for the Family Income Plan (FIP), which provides benefits to low-income working families. Not only will benefits be increased, more of these benefits will be retained as the family's income rises. As well, an additional $0.5 million in supplementary health benefits will be provided to families receiving FIP.

Some of the other initiatives targeted at child and family poverty include:

- new grants for northern housing projects to help low-income families obtain affordable housing;
- capital grants for child care facilities to improve facilities and equipment; and,
- grants to stimulate self-sufficiency projects, such as community kitchens and gardens, to reduce child hunger.

1997-98 New Funding to Address Child and Family Poverty

Family Income Plan (FIP)	***$ 3,800,000***
• *Funding for increased benefits to support low-income working families. Maximum benefits will increase from $105/child/month to $120/child/month.*	
Child Care Centre Capital Grants	***1,000,000***
• *One-time capital grants to assist in the upgrading of facilities and equipment of licensed child care facilities.*	
One-time Child Nutrition and Development Projects	***500,000***
• *Funding to initiate self-sufficiency projects which reduce child hunger.*	
School Supplies for Social Assistance Families	***500,000***
• *Increase in the allowance for school supplies under the Saskatchewan Assistance Plan.*	
Northern Community Development	***200,000***
• *Support for the development of community processes to develop unique northern solutions to social issues.*	
Total Transitional Funding	***$ 6,000,000***
Northern Housing Initiatives	***$ 3,000,000***
• *Funding for the construction of public housing for low-income families in the north and in rural areas and to help co-operatives finance projects for low-income families.*	
National Child Support Guidelines	***1,100,000***
• *Funding to provide the necessary public information, education programs and assistance regarding changes to child support orders.*	
Total New, Ongoing Funding	***$ 4,100,000***
Total New Funding	***$ 10,100,000***

2. Supporting Youth At Risk

The Budget provides an additional $1.3 million to support initiatives targeted at street youth and youth who come into conflict with the law. Outreach services to street youth are designed to reduce the need for more intensive and costly interventions later in life.

Restorative Youth Justice initiatives will provide an alternative to the formal court process as a more effective means of dealing with young offenders as well as the needs of the victims of youth crime.

1997-98 New Funding to Support Youth at Risk

Street Youth/Youth Prostitution	***$ 250,000***
• *Develop community based outreach projects as a means of helping children get off the street safely.*	
Restorative Youth Justice Strategy	***500,000***
• *Enhanced support for the development of alternative measures for youth in conflict with the law.*	
Co-ordinated Behaviour Management Initiative	***550,000***
• *Additional resources to help in the co-ordination of services for youth with challenging behaviours.*	
Total New Funding	***$ 1,300,000***

3. Supporting Vulnerable Children

Proper nutrition and good health are critical factors in childhood development. Additional funding of $0.6 million is being provided for nutrition programs, a new Hepatitis A Immunization program and enhanced public education.

1997-98 New Funding to Support Vulnerable Children

Ongoing Child Nutrition and Development Program	***$ 200,000***
• *Enhanced school and community nutrition programs.*	
Hepatitis A Immunization Program	***225,000***
• *Establishment of a program to protect children aged one to fifteen from the Hepatitis A virus.*	
Children's Advocate Office	***159,000***
• *Support for an additional advocate to enhance public education on issues facing children and youth.*	
Total New Funding	***$ 584,000***

4. Strengthening Early Childhood Development

The 1997-98 Budget invests an additional $1.3 million in children and families through Early Childhood Development initiatives.

Early interventions with at-risk children and families have shown the greatest success. The lives and futures of Saskatchewan's most vulnerable children can be significantly improved through prevention and early intervention programs, such as the Teen and Young Parent Program, and expansion of the Teen Infant Centre and Early Childhood Intervention Programs.

1997-98 New Funding to Strengthen Early Childhood Development

Early Skills Development Program	***$ 150,000***
• *Help for young children aged three to five years with persistent aggressive or anti-social behaviour.*	
Successful Mothers Support Program	***170,000***
• *Expansion of the program which matches young, disabled or disadvantaged parents with experienced volunteer parents who provide outreach, mentoring and support.*	
Fetal Alcohol Syndrome Strategy	***120,000***
• *Education, health promotion and preventive programming for at-risk families.*	
Early Childhood Intervention Program	***60,000***
• *Expansion of the initiative to provide in-home services for disabled children and their parents.*	
Teen and Young Parent Program	***160,000***
• *Parenting support, pregnancy counselling and life skills services for young vulnerable parents will be expanded.*	
Teen Infant Centres	***150,000***
• *Development of teen infant centres to support healthy and safe child development.*	
Support for Child Care Workers	***500,000***
• *Enhancement of Child Care workers' wages.*	
Total New Funding	***$ 1,310,000***

Conclusion

It is in the best interests of all Saskatchewan people to ensure that vulnerable children and their families receive the assistance they need. Full implementation of The National Child Benefit remains a priority and Saskatchewan will continue to take a leadership role in establishing this nation-wide program to provide more support and assistance for families in need.

In the meantime, increased funding of $13.3 million for Saskatchewan's Action Plan for Children will ensure thousands more children and families will see a real improvement in their day-to-day lives this year. More children will receive the school supplies they need without cutting into the family budget for food and housing. More children will start their day with wholesome, nutritious meals. And when their parents go to work, more children will be cared for with new and improved child care centres in inner cities, rural areas and in the North.

The extra funding in the 1997-98 Budget and the new initiatives described in this paper provide an essential bridge until a long-term National Child Benefit plan is in place.

For further information on Saskatchewan's Action Plan for Children, or the National Child Benefit, please contact:

Director of Communications
Saskatchewan Department of Social Services
1920 Broad Street
Regina, Saskatchewan S4P 3V6

Telephone: (306) 787-3686

1997-98 Borrowing and Debt

Introduction

The 1997-98 Budget projects a continued reduction in the total debt of the General Revenue Fund and in debt servicing costs. This paper details 1997-98 estimated borrowing, debt, and debt servicing costs, compared to the forecast for 1996-97.

Debt

The total debt of the General Revenue Fund consists of:

- **Gross Debt** — the amount of money owed to lenders; *plus*
- **Guaranteed Debt** — the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; *less*
- **Sinking Funds** — the amount of money which has been set aside for the repayment of debt.

The 1997-98 Budget indicates that, following a $1.4 billion forecast decrease in 1996-97, the total debt of the General Revenue Fund is estimated to decline by a further $258.4 million in 1997-98.

Between March 31, 1996 and March 31, 1998, total debt of the General Revenue Fund is estimated to decline by $1.6 billion or 11.4 per cent.

Summary of Debt
As at March 31
($ Millions)

	Estimated 1998	Forecast 1997	Actual 1996
Gross Debt			
Crown Corporation Purposes	$ 4,730.4	$ 4,764.7	$ 5,331.1
General Government Purposes	8,215.9	8,255.0	8,707.4
Gross Debt	$ 12,946.3	$ 13,019.7	$ 14,038.5
Plus: Guaranteed Debt	500.7	570.0	663.2
Gross Debt Plus Guaranteed Debt	$ 13,447.0	$ 13,589.7	$ 14,701.7
Less: Sinking Funds	880.4	764.7	515.3
Total Debt	$ 12,566.6	$ 12,825.0	$ 14,186.4

Gross debt for general government purposes is forecast to decrease by $452.4 million in 1996-97, primarily due to a forecast $364.7 million special dividend from Crown Investments Corporation of Saskatchewan (CIC) related to the net proceeds from the sale of a portion of the Province's investment in Cameco Corporation. Gross debt for general government purposes is estimated to decline by a further $39.1 million in 1997-98 reflecting the $24.1 million budget balance and other factors.

Gross debt for Crown corporation purposes is forecast to decrease by $566.4 million in 1996-97, primarily due to forecast reductions in gross debt for Saskatchewan Power Corporation ($257.0 million), Saskatchewan Telecommunications ($101.4 million), and Saskatchewan Crop Insurance Corporation ($164.7 million). Gross debt for Crown corporation purposes is estimated to decrease by a further $34.3 million in 1997-98.

Guaranteed debt is forecast to decrease by $93.2 million during 1996-97 and by a further $69.3 million during 1997-98 primarily due to reductions for NewGrade Energy Inc. and Saskferco Products Inc. Over the two years, guaranteed debt is estimated to decline by $162.5 million or 24.5 per cent.

Sinking funds are forecast to increase by $249.4 million in 1996-97 primarily due to the establishment of sinking funds by CIC and Agricultural Credit Corporation of Saskatchewan. Sinking funds are estimated to increase by $115.7 million in 1997-98 due to payments into sinking funds and investment earnings net of redemptions.

Application of Net Proceeds from Sale of Cameco Corporation Shares

In March 1996, the Province sold a significant portion of its ownership in Cameco Corporation. The Province's ownership is held through CIC. Investors pay for their shares in two instalments, in March 1996, and March 1997.

The forecast net proceeds of $729.4 million from the sale have been equally apportioned to CIC and to the General Revenue Fund to reduce debt (i.e., $364.7 million each).

Of its share, CIC used $177.7 million to reduce debt for the purposes of CIC, and is applying a forecast $187.0 million in 1996-97 to establish a sinking fund to repay a portion of the debt obligations of CIC as they come due.

The 1996-97 forecast includes a $364.7 million special dividend to the General Revenue Fund from CIC. This special dividend is being used to reduce general government purpose debt in 1996-97.

Borrowing

The Province borrows through the sale of securities in capital markets and through the sale of savings bonds to Saskatchewan residents.

General Revenue Fund 1997-98 borrowing requirements are estimated to be $676.4 million, compared to forecast requirements of $543.1 million in 1996-97.

Borrowing requirements for general government purposes in 1997-98, estimated to be $583.8 million (1996-97 forecast – $453.4 million), are to refinance a portion of maturing debt.

Borrowing requirements for Crown corporation purposes in 1997-98, estimated to be $92.6 million (1996-97 forecast – $89.7 million), are to assist in the financing of their activities as well as to refinance debt borrowed on their behalf.

Reconciliation of Budget Balance and Reduction in General Government Purpose Gross Debt

The amount by which general government purpose gross debt can be reduced may be higher or lower than the budget balance reported under the accrual basis of accounting adopted by the Province.

The difference between the budget balance and the amount by which general government purpose gross debt can be reduced is reconciled by:

1. ***Adjusting the budget balance to a cash basis** to recognize the amount and timing of non-cash revenues and expenses to determine the cash provided from operations;*
2. ***Adding other cash sources or subtracting other cash requirements** to recognize the amount of cash inflows and outflows from loan, investment and other activities to determine the **cash available to reduce debt**;*
3. ***Subtracting payments into sinking funds**; and,*
4. ***Adjusting for foreign exchange rate changes** to restate the value of foreign currency denominated debt due to changes in the exchange value of the Canadian dollar.*

	Estimated 1997-98	Forecast 1996-97
	($ Millions)	
Budget Balance (on Accrual Accounting Basis)	**$ 24.1**	**$ 368.9**
1. Adjustment to Cash Basis	(105.8)[1]	82.2
Cash Provided From Operations	**(81.7)**	**451.1**
2. Other Cash Sources	161.4[2]	41.7
Cash Available to Reduce Debt	**79.7**	**492.8**
3. Payments into Sinking Funds	(40.6)	(40.4)
4. Foreign Exchange Adjustment	–	–
Reduction in General Government Purpose Gross Debt	**$ 39.1**	**$ 452.4**

1 Primarily due to decreased accounts payable.

2 Primarily due to loan repayments to the Province.

Cost of Servicing Gross Debt

In addition to interest payments, debt servicing costs include the amortization of gains or losses on debt that is denominated in foreign currencies resulting from a change in the value of the Canadian dollar, premiums, discounts, commissions and other costs related to the Province's debt.

Servicing costs for debt borrowed on behalf of Crown corporations are paid by the Province (i.e., General Revenue Fund) and are reimbursed by the respective Crown corporations. These costs are shown in the Estimates as Vote 177. The servicing costs for general government purpose debt are also paid by the General Revenue Fund and are shown in the Estimates as Vote 12.

Debt servicing costs, primarily interest payments, associated with the Province's gross debt are estimated to total $1.2 billion in 1997-98 compared to $1.3 billion forecast for 1996-97.

Cost of Servicing Gross Debt
($ Millions)

	Estimated 1997-98	Forecast 1996-97
Crown Corporation Purposes	$ 463.9	$ 486.4
General Government Purposes	765.0	795.8
Total Cost of Servicing Gross Debt	$ 1,228.9	$ 1,282.2

The cost of servicing general government purpose debt is estimated to be $30.8 million lower in 1997-98 than forecast for 1996-97. This decline is primarily attributable to the forecast reduction in general government purpose debt in 1996-97.

The 1997-98 Budget estimates are based on 4.0 per cent short term and 8.0 per cent long term interest rates. Also, an exchange rate of $0.7336 United States per $1.00 Canadian has been used to convert United States dollar denominated debt as at March 31, 1997 and March 31, 1998.

A one cent change in the United States dollar exchange value of the Canadian dollar from the level assumed in the 1997-98 Budget would change the estimated cost in 1997-98 of servicing general government purpose debt by approximately $3 million. Similarly, a one percentage point change in interest rates for a full year from levels assumed in the 1997-98 Budget would change the estimated cost of servicing general government purpose debt in 1997-98 by approximately $6 million.

Gross Debt Characteristics

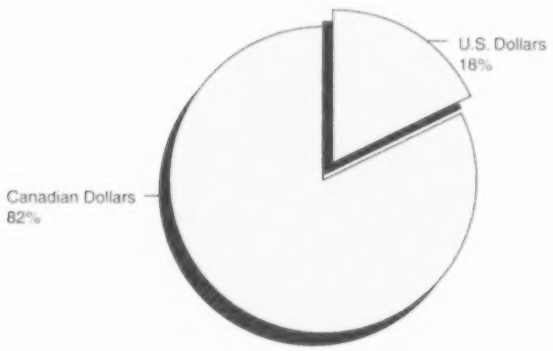
The following charts illustrate the composition of gross debt forecast as at March 31, 1997, by purpose, currency and financial instrument.

Gross Debt by Purpose
As at March 31, 1997

Gross Debt: $13.0 billion

- General government purpose gross debt was accumulated primarily to finance past deficits.
- About two-thirds of Crown corporation purpose gross debt was borrowed for the Province's utilities: Saskatchewan Power Corporation; Saskatchewan Telecommunications; and, SaskEnergy Incorporated.

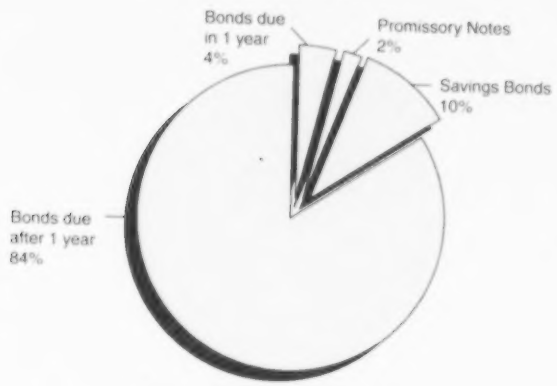
Gross Debt by Currency
As at March 31, 1997



Gross Debt: $13.0 billion

- Canadian dollar gross debt includes debt issued in foreign currencies (i.e., United States dollars, Japanese yen, Swiss francs and German marks) that was hedged into Canadian dollars.
- Three-fifths of United States dollar denominated gross debt is for general government purposes and two-fifths is for Crown corporation purposes.

Gross Debt by Financial Instrument
As at March 31, 1997



Gross Debt: $13.0 billion

- Gross debt at March 31, 1997 is forecast to have an average term to maturity of 8.2 years.
- Saskatchewan Savings Bonds held by residents of the Province total $1.3 billion.
- Bonds due after one year plus savings bonds total 94 per cent of gross debt.

Conclusion

The 1997-98 Budget forecasts a sharp decrease in the total debt of the Province in 1996-97 and estimates a significant further decline in 1997-98. As well, debt servicing costs continue to decline. This represents continued improvement in Saskatchewan's financial position.

1997-98 Budget Detail

General Revenue Fund Financial Statements

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General Revenue Fund
Statement of Revenue, Expense and Accumulated Deficit

For the year ended March 31

	(Thousands of Dollars)		
	Estimated 1998	**Forecast 1997**	**Estimated 1997**
Revenue	**$ 5,073,400**	$ 5,481,700	$ 5,345,400
Operating Expense	**4,284,267**	4,316,989	4,174,385
Operating Surplus	**$ 789,133**	$ 1,164,711	$ 1,171,015
Servicing the Public Debt	**765,000**	795,800	813,217
Budget Balance	**$ 24,133**	$ 368,911	$ 357,798
Less: Accumulated Deficit, Beginning of Year	**7,253,142**	7,622,053	7,622,053
Accumulated Deficit, End of Year	**$ 7,229,009**	$ 7,253,142	$ 7,264,255

The "Budget Balance" is the difference between the total revenue and total expense and changes the "Accumulated Deficit" by an equivalent amount.

The "Accumulated Deficit" is the amount by which expense has exceeded revenue since incorporation (in Saskatchewan's case, 1905) to the end of the fiscal year. In general, it is the sum of all the annual Budget Balances.

General Revenue Fund
Debt Reduction Account

As at March 31

	(Thousands of Dollars)		
	Estimated 1998	**Forecast 1997**	**Estimated 1997**
Debt Reduction Account, Beginning of Year	**$ 387,359**	$ 18,448	$ 18,448
Budget Balance for the Year	**24,133**	368,911	357,798
Debt Reduction Account, End of Year	**$ 411,492**	$ 387,359	$ 376,246

This account is established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated budget balances of the General Revenue Fund commencing April 1, 1995.

General Revenue Fund
Statement of Financing and Changes in Financial Position

	(Thousands of Dollars)		
	Estimated 1997-98	**Forecast 1996-97**	**Estimated 1996-97**
Cash Requirements			
Operating Activities			
Budget Balance for the Year	**$ 24,133**	$ 368,911	$ 357,798
Add (Deduct) Non-cash Items:			
Amortization of Foreign Exchange Gains and Losses	**936**	(7,196)	(6,363)
Loss on Loans and Investments	**1,475**	1,381	1,350
Net Change in Amounts Receivable and Payable	**(91,000)**	100,972	5,315
Sinking Fund Earnings Retained in Sinking Funds	**(17,232)**	(12,957)	(12,905)
Cash Provided by (Used for) Operating Activities	**$ (81,688)**	$ 451,111	$ 345,195
Loan, Investment and Deposit Activities			
Receipts	**$ 576,549**	$ 1,213,289	$ 897,327
Disbursements	**591,372**	541,163	469,586
Cash Provided by (Used for) Loan, Investment and Deposit Activities	**$ (14,823)**	$ 672,126	$ 427,741
Cash Provided (Required)	**$ (96,511)**	$ 1,123,237	$ 772,936
Financing			
Proceeds from Debt	**$ 676,435**	$ 543,113	$ 713,261
Repayment of Debt	**749,924**	1,561,852	1,511,197
Cash Required to Repay Debt	**$ (73,489)**	$(1,018,739)	$ (797,936)
Decrease (Increase) in Cash and Short-term Investments	**170,000**	(104,498)	25,000
Total Financing	**$ 96,511**	$(1,123,237)	$ (772,936)

General Revenue Fund
Statement of Revenue

(Thousands of Dollars)

	Estimated 1997-98	Forecast 1996-97	Estimated 1996-97
Taxes			
Corporation Capital	$ 260,000	$ 236,000	$ 221,000
Corporation Income	241,000	232,200	211,500
Fuel	339,200	343,900	338,900
Individual Income	1,270,800	1,273,500	1,177,500
Sales	673,200	820,000	798,800
Tobacco	118,100	113,500	111,000
Other	46,800	46,400	44,300
Total Taxes	$ 2,949,100	$ 3,065,500	$ 2,903,000
Non-Renewable Resources			
Coal	$ 16,000	$ 16,000	$ 13,900
Natural Gas	42,100	38,400	53,000
Oil	523,300	687,200	362,900
Potash	113,500	97,100	113,300
Uranium	55,600	54,300	20,700
Other	2,200	2,400	5,100
Total Non-Renewable Resources	$ 752,700	$ 895,400	$ 568,900
Transfers from Crown Entities			
Crown Investments Corporation of Saskatchewan	$ 50,000	$ 50,000	$ 50,000
– Special Dividend	–	364,700	350,000
Saskatchewan Liquor and Gaming Authority	394,400	107,700	231,600
Other Enterprises and Funds	12,200	8,700	13,800
Total Transfers from Crown Entities	$ 456,600	$ 531,100	$ 645,400
Other Revenue			
Fines, Forfeits and Penalties	$ 10,600	$ 10,700	$ 11,200
Interest, Premium, Discount and Exchange	21,100	21,100	25,100
Motor Vehicle Fees	94,000	92,500	92,000
Other Licences and Permits	34,800	40,900	41,800
Sales, Services and Service Fees	83,400	82,200	80,600
Transfers from Other Governments	6,300	8,000	8,300
Other	14,800	25,200	47,200
Total Other Revenue	$ 265,000	$ 280,600	$ 306,200
Total Own-Source Revenue	$ 4,423,400	$ 4,772,600	$ 4,423,500
Transfers from the Government of Canada			
Canada Health and Social Transfer	$ 421,000	$ 488,500	$ 508,000
Equalization Payments	129,200	120,900	314,700
Other	99,800	99,700	99,200
Total Transfers from the Government of Canada	$ 650,000	$ 709,100	$ 921,900
Total Revenue	$ 5,073,400	$ 5,481,700	$ 5,345,400

General Revenue Fund
Statement of Expense

(Thousands of Dollars)

	Estimated 1997-98	Forecast 1996-97	Estimated 1996-97
Expense			
Agriculture and Food	**$ 214,000**	$ 331,625	$ 254,125
Economic and Co-operative Development	**41,037**	39,974	36,649
Education	**549,714**	542,274	542,639
Energy and Mines	**15,784**	14,982	15,308
Environment and Resource Management	**92,895**	101,031	86,795
Executive Council	**6,851**	6,764	6,851
Executive Council – Electoral Expenses	**559**	592	559
Finance	**24,427**	25,093	24,807
– Pensions and Benefits	**144,863**	138,271	136,503
Finance – Servicing the Public Debt – Government Share	**765,000**	795,800	813,217
Health	**1,632,610**	1,614,068	1,561,768
Highways and Transportation	**198,811**	172,350	168,795
Indian and Metis Affairs Secretariat	**26,134**	25,754	25,119
Intergovernmental Affairs	**4,563**	4,180	4,210
Justice	**190,030**	185,484	183,684
Labour	**9,373**	9,086	9,187
Legislation	**16,491**	15,826	15,887
Municipal Government	**172,447**	183,325	196,724
Post-Secondary Education and Skills Training	**386,139**	351,059	351,060
Provincial Auditor	**4,220**	4,288	4,288
Public Service Commission	**7,714**	7,412	7,257
Saskatchewan Municipal Board	**1,193**	958	1,218
Saskatchewan Property Management Corporation	**10,554**	10,554	10,554
– Asset Renewal	**8,000**	–	–
Saskatchewan Research Council	**7,956**	9,529	7,886
Saskatchewan Water Corporation	**4,888**	4,956	4,956
Social Services	**511,611**	516,653	516,655
Women's Secretariat	**1,403**	901	901
Total Expense	**$ 5,049,267**	$ 5,112,789	$ 4,987,602

General Revenue Fund
Schedule of Borrowing Requirements

	(Thousands of Dollars)		
	Estimated 1997-98	**Forecast 1996-97**	**Estimated 1996-97**
Crown Corporation Purposes			
Agricultural Credit Corporation of Saskatchewan	**$ –**	$ –	$ 5,000
Saskatchewan Crop Insurance Corporation	**–**	–	28,460
Saskatchewan Housing Corporation	**15,166**	–	23,485
Saskatchewan Opportunities Corporation	**26,399**	26,391	8,300
Saskatchewan Telecommunications	**43,300**	–	21,400
Saskatchewan Water Corporation	**7,800**	20,400	26,500
SaskEnergy Incorporated	**–**	42,900	48,800
Total Crown Corporation Purposes	**$ 92,665**	$ 89,691	$ 161,945
General Government Purposes	**583,770**	453,422	551,316
Total Borrowing Requirements	**$ 676,435**	$ 543,113	$ 713,261

General Revenue Fund
Schedule of Debt

As at March 31

	(Thousands of Dollars)		
	Estimated 1998	**Forecast 1997**	**Estimated 1997**
Gross Debt			
Crown Corporation Purposes			
Agricultural Credit Corporation of Saskatchewan	**$ 270,208**	$ 270,208	$ 252,517
Crown Investments Corporation of Saskatchewan	**758,434**	758,434	574,134
Municipal Financing Corporation of Saskatchewan	**79,667**	79,667	79,667
Saskatchewan Crop Insurance Corporation	**–**	–	172,006
Saskatchewan Housing Corporation	**233,985**	263,819	287,304
Saskatchewan Opportunities Corporation	**102,366**	78,042	59,951
Saskatchewan Power Corporation	**2,045,806**	2,095,806	2,184,806
Saskatchewan Telecommunications	**458,520**	437,373	488,873
Saskatchewan Water Corporation	**50,000**	43,230	49,330
SaskEnergy Incorporated	**731,349**	738,149	744,049
Total Crown Corporation Purposes	**$ 4,730,335**	$ 4,764,728	$ 4,892,637
General Government Purposes	**8,215,918**	8,255,014	8,347,908
Total Gross Debt	**$12,946,253**	$13,019,742	$13,240,545
Guaranteed Debt			
Crown Corporations	**$ 88,974**	$ 96,240	$ 96,001
Other	**411,752**	473,749	530,161
Total Guaranteed Debt	**$ 500,726**	$ 569,989	$ 626,162
Gross Debt Plus Guaranteed Debt	**$13,446,979**	$13,589,731	$13,866,707
Equity in Sinking Funds			
Crown Corporations	**$ 627,457**	$ 569,553	$ 371,513
General Government Purposes	**252,930**	195,127	195,451
Total Equity in Sinking Funds	**$ 880,387**	$ 764,680	$ 566,964
Total Debt[1]	**$12,566,592**	$12,825,051	$13,299,743

[1] Total Debt is Gross Debt plus Guaranteed Debt less Equity in Sinking Funds.

General Revenue Fund
Schedule of Guaranteed Debt

As at March 31

	(Thousands of Dollars)		
	Estimated 1998	**Forecast 1997**	**Estimated 1997**
Crown Corporations			
The Municipal Financing Corporation Act			
Guaranteed Debentures	$ 4,500	$ 8,000	$ 8,000
The Power Corporation Act			
National Trust Company	17,160	18,626	18,626
Manalta Coal	31,200	32,700	32,802
Saskatchewan Power Savings Bonds			
Series I to Series VII (matured)	100	200	161
The Saskatchewan Development Fund Act			
Guaranteed Investments	2,000	2,400	2,411
The Saskatchewan Telecommunications Act			
TeleBonds	34,014	34,314	34,001
Total Crown Corporations	$ 88,974	$ 96,240	$ 96,001
Other			
The Agricultural Societies Act			
Loans to Exhibition Associations	$ 93	$ 97	$ 641
The Community Bonds Act	3,285	4,361	8,817
The Department of Economic Development Act			
Bridge City BMX Club Inc.	–	83	–
The Farm Financial Stability Act			
Breeder Associations Loan Guarantees	18,000	18,000	18,126
Feeder Associations Loan Guarantees	22,000	23,000	22,841
The Government Organization Act			
The Saskatchewan Roughriders Football Club	2,100	2,100	725
The Department of Highways			
and Transportation Act	–	–	375
The Housing and Special Care Homes Act			
Senior Citizens' Housing	326	441	441
The Industry and Commerce Development Act			
Saskferco Products Inc.	200,519	233,858	286,198
The NewGrade Energy Inc. Act			
NewGrade Energy Inc.	165,429	191,809	191,997
Total Other	$ 411,752	$ 473,749	$ 530,161
Total Guaranteed Debt	$ 500,726	$ 569,989	$ 626,162

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